

**HEALTH SERVICES AND DEVELOPMENT AGENCY
JANUARY 27, 2016
APPLICATION SUMMARY**

NAME OF PROJECT: Tennessee Orthopedics, P.C.

PROJECT NUMBER: CN1510-041

ADDRESS: 101 Physicians Way
Lebanon (Wilson County), TN 37090

LEGAL OWNER: Roy C. Terry, M.D.
1616 W. Main Street
Lebanon (Wilson County), TN 37087

OPERATING ENTITY: NA

CONTACT PERSON: Christi D. Griffin, Esquire

DATE FILED: October 6, 2015

PROJECT COST: \$2,471,197

FINANCING: Commercial Lease and Cash Reserves

PURPOSE FOR FILING: Relocation of MRI service

DESCRIPTION:

Tennessee Orthopedics, PC, an orthopedic physician group formed as a Tennessee for-profit corporation in April 2003, is seeking approval to relocate its existing magnetic resonance imaging (MRI) service limited to use by the physicians and patients of the medical group. The project focuses on the relocation of Tennessee Orthopedics, P.C. to leased space in a medical office building being built on a 2.5 acre site approximately 4 miles from the applicant's existing building in Lebanon (Wilson County), Tennessee. As part of the project, the applicant will replace its existing GE Signa 1.5 Tesla unit that has been in service for approximately 5 years with a new GE Optima 1.5 Tesla MRI unit that will be leased from GE Healthcare for an initial 7-year period. Other than the change in location and replacement of the existing MRI unit, the project will not add any new medical equipment or services requiring CON approval.

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CRITERIA AND STANDARDS REVIEW

MAGNETIC RESONANCE IMAGING SERVICES

There are no service specific criteria and standards that directly relate to the relocation of an MRI service.

Staff Summary

The following information is a summary of the original application and all supplemental responses. Any staff comments or notes, if applicable, will be in bold italics.

Tennessee Orthopedics, P.C. seeks approval to relocate its existing MRI service limited to use by its physicians and patients. The MRI service was originally approved in CN0004-024A in August 2000. Tennessee Orthopedics, P.C. will relocate approximately 4 miles from its existing location at 1616 West Main Street, Suite 200, Lebanon, TN to a building being constructed in a new medical office complex known as Physicians Plaza of Lebanon located immediately off of Exit 236 on Interstate 40.

As an orthopedic surgery physician practice, the applicant's MRI service does not require licensure by the Tennessee Department of Health, although the practice will seek voluntary MRI accreditation. The applicant anticipates the practice will relocate to its new building in February 2016, approximately 2 weeks following completion of construction in January 2016.

History

- **March 28, 2007**-Tennessee Orthopedics, P.C., CN0612-099A was approved during the Agency meeting to relocate its professional medical practice and 0.3T Toshiba MRI to 101 Physicians Way, Lebanon, TN, less than 4 miles from its location at 1616 West Main Street, Lebanon, TN. The CON expiration date was May 1, 2009.
- **April 13, 2009**-A letter from Tennessee Orthopedics notified the Agency of the surrender of CN0612-99A due to the recent deterioration of the credit market which prevented the closing on the financing for the construction of the building (which the applicant would lease 2,500 SF of space) at 101 Physicians Way, Lebanon, TN. In the letter Tennessee Orthopedics, P.C. indicated that the practice would reapply for a CON to relocate the MRI equipment service when economic conditions improve.
- **2011**-The applicant upgraded the MRI to a 1.5T MRI at its current location of 1616 West Main Street, Lebanon, TN.

Ownership

- Tennessee Orthopedics, PC is a Tennessee for-profit corporation formed in April 2003.
- Tennessee Orthopedics. P.C. is 100% owned by Roy C. Terry, M.D. and is a stand-alone organization without subsidiary or parent organizations.

Related highlights pertaining to the ownership of the applicant are as follows:

- Currently the practice consists of the following three MRI ordering providers: 1 orthopedic surgeon, 1 mid-level practitioner, and 1 physician assistant.
- In September 2016 an orthopedic surgeon is planned to be added to the practice, and in June 2017 a third orthopedic surgeon will be added to the practice.

Facility and MRI Equipment Information

Key highlights of the applicant's MRI service are noted below.

- The applicant has negotiated an 8-year lease beginning February 1, 2016 with Phoenix Medical Office Building, LLC for 1,396 square feet of Medical Office Space.
- The MRI suite build-out and MRI shielding costs of \$150,000 are payable as additional rent, in monthly installments over 7 years.
- The applicant is a physician practice. As such, it does not require licensure by the Tennessee Department of Health.
- The existing MRI will remain limited to use by the physicians and patients of the medical group.
- The applicant has a contractual arrangement with Nashville based Advanced Diagnostic Imaging, P.C. for interpretation services for the medical group's MRI service.
- The hours of operation will be 7:00 AM to 4:30 PM Monday through Thursday, and Friday as needed.

Project Need

The applicant states that the certificate of need for a change in site of the MRI service is being requested for the following reasons:

- The current MRI accommodates patients weighing up to 300 pounds with an estimated 6-8 patients referred to Nashville each month for those that require an MRI that can accommodate patients up to 500 pounds, or are claustrophobic. In addition, 3-4 patients currently choose to be sedated each month instead of traveling to Nashville for MRI scans.
- There are no other MRIs in Wilson County that can accommodate patients with a large body habitus.

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- The new Optima MRI will accommodate patients up to 500 pounds and will be comparable to an open MRI.
- The expanded patient field of view also provides more flexibility for patient positioning, an important feature for an orthopedic practice seeing patients with severe limitations.
- An accessible MRI at the new location of Tennessee Orthopedics, P.C. allows for the continued appropriate and timely diagnosis to orthopedic patients.

Service Area Demographics

Tennessee Orthopedics, P.C.'s primary service area (PSA) consists of Macon, Smith, Sumner, Trousdale, and Wilson Counties. Residents of the PSA accounted for 89.10% of the applicant's 909 total MRI procedures performed in calendar year (CY) 2014. Highlights of the applicant's proposed service area are provided as follows:

- The total population of the PSA is estimated at 352,991 residents in CY 2015 increasing by approximately 6.3% to 375,214 residents in CY 2019.
- The overall Tennessee statewide population is projected to grow by 3.7% from 2015 to 2019.
- Residents age 65 and older account for approximately 16.7% of the total PSA population compared to 16.5% statewide.
- The age 65 and older resident population is expected to increase by 17.5% compared to 12% statewide from CY2015 - CY2019.
- The number of residents enrolled in TennCare is approximately 17.1 % of the total PSA population compared to 22% statewide.

Historical and Projected Utilization

The historical and projected MRI utilization is shown in the table below.

Applicant's Historical and Projected Utilization					
2012	2013	2014	% Change '11-'14	Year 1	Year 2
1,197	1,196	909	-24.1	1,693	2,565

Sources: HSDA Equipment Registry; Historical and Projected Data Charts, CN1510-041

- Projected utilization will build upon the historical volumes of the applicant's MRI service and is expected to increase as the medical group expands largely as a result of adding 2 additional orthopedic surgeons in 2016 and 2017.
- Tennessee Orthopedics, P.C.'s utilization decreased by 24.1% from 1,197 total procedures in 2012 to 909 total procedures in 2014.
- MRI utilization in 2014 decreased as a result of 4 of the 6 orthopedic surgeons and mid-level practitioners that left the practice in November 2013, which left 2 remaining providers ordering MRIs for all of 2014.

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The inventory and 3 year utilization trend of the existing 5 county service area MRI providers was identified in the application on pages 9 and 10 in supplemental #1. A summary of provider MRI utilization trends by county in the service area from 2011-2013 is shown below.

MRI Provider Summary, 2011-2013				
County	MRI Scans 2012	MRI Scans 2013	MRI Scans 2014	% Change '12-'14
Wilson	7,881	7,772	8,073	+2.4%
Smith	619	613	669	+ 8.1%
Macon	793	480	542	-31.65%
Sumner	9,748	10,259	10,512	+7.8%
Total	19,041	19,124	19,796	+4.0%
Statewide	660,932	652,252	667,906	+1.06%

The table above reflects the following:

- Total provider utilization increased slightly by approximately 4.0% from 19,041 total procedures in 2012 to 19,796 total procedures in 2014.
- The 5 county service area MRI utilization increased by 4.0% compared to 1.06% statewide from CY2012 - CY2014.
- There are no MRI providers in Trousdale County.

Project Cost

Major costs of the \$2,471,197 total estimated project cost are as follows:

- New MRI 1.5T lease cost of \$1,987,290 (includes a 7 year service agreement costing \$692,454) or approximately 80.4% of the total project cost.
- Medical Office Lease of \$463,360 or approximately 18.8% of total cost.
- For other details on Project Cost, see the Project Cost Chart on page 22 of the application.

Historical Data Chart

- According to the Historical Data Chart Tennessee Orthopedics, P.C. experienced net operating income for two of the three most recent years reported: \$109,388 for 2012; \$16,735 for 2013; and (\$110,907) for 2014.
- Average Annual Net Operating Income (NOI) was unfavorable at approximately (8.0%) of annual net operating revenue for the year 2014.
- In supplemental 1, the applicant attached a copy of the FY 2015 unaudited income statement for the nine months ending September 30, 2015 which reflects year to date net income of \$49,739.

Projected Data Chart

- 1,693 MRI procedures are projected in Year 1 (2016) and 2,565 in Year 2 (2017).

- Net operating income less capital expenditures for the proposed MRI project will equal \$320,736 in Year 1 increasing to \$421,084 in Year 2.

Charges

In Year One of the proposed project, the average charge per MRI procedure is as follows:

- Average Gross Charge
\$1,530
- Average Deduction from Operating Revenue
\$1,205
- Average Net Charge
\$325

Gross Charges per Procedure/Treatment By Quartiles YEAR = 2014

Equipment Type	1st Quartile	Median	3rd Quartile
MRI	\$1,632.60	\$2,229.43	\$3,677.84

Source: Medical Equipment Registry - 8/10/2015

- The proposed MRI charge per procedure of \$1,530.00 is below the 1st quartile of \$1,632.60 of MRI charges statewide.

Payor Mix

- TennCare/Medicaid-Charges will equal \$647,473 in Year One representing 25% of total gross revenue.
- Medicare/Managed Medicare- Charges will equal \$466,180 representing 18% of total gross revenue.
- The applicant contracts with all TennCare Managed Care Organizations that serve the region.
- The projected gross operating revenue by payor mix is shown in the table below.

Applicant's Payor Mix, Year 1

Payor Source	Gross Operating Revenue	As a % of Total
Medicare	\$466,180	18%
TennCare	\$647,473	25%
Managed Care	\$1,269,047	49%
Commercial	\$129,495	5%
Self-Pay	\$25,899	1%
Other	\$51,798	2%
Total Gross Revenue	\$2,589,891	100%

Source: CN1510-041, Supplemental #1

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Financing

Funding support for the project consists of an operating lease for the MRI equipment and cash reserves of the owner, Tennessee Orthopedics, PC. Additional highlights are noted below.

- Actual funding for start-up costs is minimal.
- The applicant will use a commercial line of credit to assist in temporary cash shortages caused by outstanding accounts receivable.
- An October 22, 2015 letter from Pinnacle Bank states Tennessee Orthopedics has a \$250,000 line of credit that has an outstanding balance of \$144,347.
- A letter dated October 30, 2015 from Ancillary Healthcare Consulting indicated total current assets for Tennessee Orthopedics, PC of \$314,749 (including current assets of \$78,323 and \$236,425 in Accounts Receivable expected to be collected from insurance companies), and total current liabilities of \$136,059 (listed as long-term liabilities due within 12 months), which includes current liabilities of \$11,631.43, Line of Credit \$114,347.18, and Equipment Leases of \$33,344.06 for the period ending September 30, 2015. As a result, the Current Ratio was favorable at approximately 2.31 to 1.0 for the period.

Note to Agency Members: Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.

Staffing

- The medical group employs 1 certified MRI technologist who typically works 30 hours per week.
- There are no changes planned for existing staffing after the MRI relocation and equipment upgrade.

Licensure/Accreditation

As a private medical group practice, the applicant is not licensed by Tennessee Department of Health.

Corporate documentation, site control information, a vendor quote documenting the equipment lease and maintenance service agreement costs, a copy of the FDA approval of the MRI unit, and the names of staff assigned to the applicant's imaging department are on file at the Agency office and will be available at the Agency meeting.

Should the Agency vote to approve this project, the CON would expire in two years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT:

There are no other Letters of Intent, denied or pending applications, or outstanding Certificates of Need for this applicant. .

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no Letters of Intent or denied or pending applications for similar service area entities proposing this type of service.

Outstanding Certificates of Need

Advanced Diagnostic Imaging, P.C. d/b/a Southern Sports Medicine, CN1501-002A, has an outstanding Certificate of need that will expire May 1, 2017. The CON was approved on Consent Calendar at the March 25, 2015 Agency meeting to allow existing extremity magnetic resonance imaging (MRI) services approved in Thomas L. Gautsch, P.C., CN0110-088A, d/b/a Southern Sports Medicine Institute (SSMI), to continue to be provided at the same location under new ownership as ADI d/b/a Southern Sports Medicine Institute. The estimated project cost is **\$621,935.00**. *Project Status Update: Per an update on December 9, 2015 from a representative of the project, the project is complete and a final project report is pending.*

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

PME;
12/10/15

LETTER OF INTENT



State of Tennessee
Health Services and Development Agency

Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

www.tn.gov/hsda

Phone: 615-741-2364

Fax: 615-741-9884

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LETTER OF INTENT

The Publication of Intent is to be published in the Wilson Post which is a newspaper
(Name of Newspaper)
of general circulation in Wilson County, Tennessee, on or before October 2, 2015,
(County) (Month / day) (Year)
for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Tennessee Orthopedics, P.C.

(Name of Applicant)

Professional Private Practice

(Facility Type-Existing)

owned by: Roy C. Terry, M.D. with an ownership type of Professional Corporation

and to be managed by: Tennessee Orthopedics, P.C. intends to file an application for a Certificate of Need for: Relocation of existing CON for MRI from current location to new leased location at 101 Physicians Way, Lebanon, TN 37090. MRI equipment under existing CON to be replaced with new MRI equipment at new location. Total estimated project cost is \$ 2,471,197.43.

The anticipated date of filing the application is:

October 6, 2015

The contact person for this project is

Christi D. Griffin, Esq.

(Contact Name)

Counsel to Applicant

(Title)

who may be reached at: Griffin Law Office

(Company Name)

113 E. Main Street

(Address)

Lebanon,

(City)

TN

(State)

37087

(Zip Code)

(615) 668-0462

(Area Code / Phone Number)

Christi D. Griffin

(Signature)

10/2/2015

(Date)

christi@griffinlawtn.com

(E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

-COPY-

**TENNESSEE ORTHOPEDICS
(MRI)**

CN1510-041

SECTION A: APPLICANT PROFILE**1. Name of Facility, Agency, or Institution**

Tennessee Orthopedics, P.C.
Name

101 Physicians Way

Street or Route

Lebanon

City

TN

State

Wilson

County

37090

Zip Code

2. Contact Person Available for Responses to Questions

Christi D. Griffin, Esq.
Name

Griffin Law Office
Company Name

113 E. Main Street

Street or Route

Legal Counsel

Association with Owner

Lebanon

City

(615) 668-0462

Phone Number

Attorney
Title

christi@griffinlawtn.com
Email address

TN

State

37087

Zip Code

(615) 444-4877

Fax Number

3. Owner of the Facility, Agency or Institution

Roy C. Terry, M.D.
Name

1616 W. Main Street

Street or Route

Lebanon

City

TN

State

(615) 449-0990

Phone Number

Wilson

County

37087

Zip Code

4. Type of Ownership of Control (Check One)

A. Sole Proprietorship _____

B. Partnership _____

C. Limited Partnership _____

D. Corporation (For Profit) _____

E. Corporation (Not-for-Profit) _____

F. Government (State of TN or
Political Subdivision) _____

G. Joint Venture _____

H. Limited Liability Company _____

I. Other (Specify) **XXX**
Corporation _____

**PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.**

5. Name of Management/Operating Entity (If Applicable)

Not Applicable (N/A)

Name _____

Street or Route _____

County _____

City _____

State _____

Zip Code _____

PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

6. Legal Interest in the Site of the Institution (Check One)

A. Ownership _____

D. Option to Lease _____

B. Option to Purchase _____

E. Other (Specify) _____

C. Lease of 8 Years

XXXX

[See Attachment "Section A – Applicant Profile – Item # 6"]

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

7. Type of Institution (Check as appropriate--more than one response may apply)

A. Hospital (Specify) _____

I. Nursing Home _____

B. Ambulatory Surgical Treatment
Center (ASTC), Multi-Specialty _____

J. Outpatient Diagnostic Center _____

C. ASTC, Single Specialty _____

K. Recuperation Center _____

D. Home Health Agency _____

L. Rehabilitation Facility _____

E. Hospice _____

M. Residential Hospice _____

F. Mental Health Hospital _____

N. Non-Residential Methadone
Facility _____G. Mental Health Residential
Treatment Facility _____

O. Birthing Center _____

H. Mental Retardation Institutional
Habilitation Facility (ICF/MR) _____P. Other Outpatient Facility
(Specify) _____Q. Other (Specify) **Medical Group** XXX
Practice8. Purpose of Review (Check) as appropriate--more than one response may apply)

A. New Institution _____

G. Change in Bed Complement _____

B. Replacement/Existing Facility _____

[Please note the type of change
by underlining the appropriate

C. Modification/Existing Facility _____

response: *Increase, Decrease,*

D. Initiation of Health Care _____

Designation, Distribution,

Service as defined in TCA § _____

Conversion, Relocation]

68-11-1607(4) _____

H. Change of Location XXX

(Specify) _____

I. Other (Specify) **MRI Upgrade** XXX

E. Discontinuance of OB Services _____

F. Acquisition of Equipment _____

9. Bed Complement Data**Not Applicable (N/A)*****Please indicate current and proposed distribution and certification of facility beds.***

	<u>Current Beds Licensed</u>	<u>*CON</u>	<u>Staffed Beds</u>	<u>Beds Proposed</u>	<u>TOTAL Beds at Completion</u>
A. Medical	_____	_____	_____	_____	_____
B. Surgical	_____	_____	_____	_____	_____
C. Long-Term Care Hospital	_____	_____	_____	_____	_____
D. Obstetrical	_____	_____	_____	_____	_____
E. ICU/CCU	_____	_____	_____	_____	_____
F. Neonatal	_____	_____	_____	_____	_____
G. Pediatric	_____	_____	_____	_____	_____
H. Adult Psychiatric	_____	_____	_____	_____	_____
I. Geriatric Psychiatric	_____	_____	_____	_____	_____
J. Child/Adolescent Psychiatric	_____	_____	_____	_____	_____
K. Rehabilitation	_____	_____	_____	_____	_____
L. Nursing Facility (non-Medicaid Certified)	_____	_____	_____	_____	_____
M. Nursing Facility Level 1 (Medicaid only)	_____	_____	_____	_____	_____
N. Nursing Facility Level 2 (Medicare only)	_____	_____	_____	_____	_____
O. Nursing Facility Level 2 (dually certified Medicaid/Medicare)	_____	_____	_____	_____	_____
P. ICF/MR	_____	_____	_____	_____	_____
Q. Adult Chemical Dependency	_____	_____	_____	_____	_____
R. Child and Adolescent Chemical Dependency	_____	_____	_____	_____	_____
S. Swing Beds	_____	_____	_____	_____	_____
T. Mental Health Residential Treatment	_____	_____	_____	_____	_____
U. Residential Hospice	_____	_____	_____	_____	_____
TOTAL	_____	_____	_____	_____	_____

*CON-Beds approved but not yet in service

10. Medicare Provider Number 3717761**Certification Type N/A****11. Medicaid Provider Number 3717761****Certification Type N/A****12. If this is a new facility, will certification be sought for Medicare and/or Medicaid? (N/A)**

13. Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area. [See Attachment "Section A – Applicant Profile – Item # 13"] **Will this project involve the treatment of TennCare participants? YES**
If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract. Discuss any out-of-network relationship in place with MCOs/BHOs in the area. [See Attachment "Section A – Applicant Profile – Item # 13"]

SECTION B: PROJECT DESCRIPTION

- I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

RESPONSE:**Executive Summary**

Applicant proposes to relocate its current MRI scanner (CON # CN0004-024) to Applicant's new medical office located at 101 Physicians Way, Lebanon, TN 37087, a distance of 3.94 miles. The MRI will be operationalized at the new medical office location on February 1, 2016. Applicant also proposes to upgrade the current MRI scanner with a new state-of-the-art Optima MR450w 1.5T MR System-MSK with Flex Arrays MRI unit ("Optima MRI"), which will be leased from GE Healthcare Financial Services ("GE Healthcare").

Applicant is a specialty orthopedic and orthopedic surgery practice currently located at 1616 West Main Street, Suite 200, Lebanon, TN 38087. Applicant provides in-office only MRI services to its patients pursuant to CON No. CN0004-024, and has done so continuously since May 1, 2004. Applicant's CON designation is "physician's office," and MRI services are ordered only for Applicant's established patients for whom MRI is medically indicated.

History of Applicant's CON for MRI

Applicant began operations as Tennessee Orthopedics, P.C. on May 1, 2004, when the physicians who formed Tennessee Orthopedics separated employment from the University Medical Center located in Lebanon, Tennessee ("UMC") and acquired certain practice assets from UMC. One of the assets acquired was a Toshiba OPART .35 Open MRI Version 4.0 MRI scanner ("Toshiba MRI") approved under CN0004-024 ("2004 CON") and issued to Associated Radiologists, P.C., an outpatient diagnostic center located at 1616 West Main Street in Lebanon. Associated Radiologists was subsequently acquired by UMC or an affiliate of UMC, and the Toshiba MRI and the 2004 CON came under the ownership of UMC, which operated the Toshiba MRI in an outpatient diagnostic center. UMC transferred ownership of the Toshiba MRI and the 2004 CON to the Applicant pursuant to an asset purchase agreement effective as of May 1, 2004, whereafter Applicant operated the Toshiba MRI as a physician's office MRI for use with Applicant's own patients only. In 2011, Applicant upgraded the Toshiba MRI with a Signa HDe 1.5T 8-channel MR System ("Signa MRI"), which is currently in use in Applicant's medical office. This application seeks to relocate and upgrade the current Signa MRI as described in more detail below

Equipment

<u>Current MRI Being Taken Out of Service</u>	<u>New MRI Being Placed Into Service as of 2/1/16</u>
Signa HDe 1.5T 8-channel MR System	Optima MR450w 1.5T MR System-MSK with Flex Arrays MRI unit
Model: HDe 1.5T	Model: W450
Current Age: 5 years (2011 acquisition)	Current Age: N/A
Serial No.: 0Z301545UJ	Serial No.: Not determined
Ownership: The Signa MRI is leased from GE Healthcare.	Ownership: The Optima MRI will be leased from GE Healthcare pursuant to a 7-year lease.

The Optima MRI is GE's newest model of MRI, and is more open than any other MRI unit in Wilson County. The Optima MRI is able to accommodate larger-sized patients up to 500 pounds and offers more choices for body positioning inside the MRI. In terms of historic MRI terminology, the Optima MRI is comparable to an open MRI in that it accommodates patients with the grossly large body habitus. No other MRI located in Wilson County has this capability. By adding the Optima MRI to the MRI inventory in Wilson County, as well as the smaller contiguous counties also served by Applicant, patients who have previously been referred to Davidson County for MRI will be able to remain in Wilson County, creating more efficient health care delivery systemically as well as locally for the patients.

Need

This application does not seek to add additional MRI scanners to the service area, but rather seeks to replace an older model MRI with a new model MRI that is both more efficient and provides better quality scans. The MRI inventory remains unchanged. However, the MRI will be located in a new physicians' medical park immediately off of Interstate 40 Exit 236 (Hartmann Drive Exit) that offers easy access for Applicant's patients traveling from within or without Wilson County. The approval of this CON application will enable Applicant's patients to continue to experience the convenience of an on-site MRI, which greatly benefits Applicant's patients who tend to have physical mobility limitations, difficulty ambulating, and difficulty getting in and out of vehicles. By having the MRI on-site, Applicant's do not have to travel to an off-site MRI location with all of the inconveniences of traffic, parking, walking distance, and increased wait times.

Project Resources

The MRI facility will be located in a new office building owned by Phoenix Medical Office Building, LLC and leased to Applicant. Instead of incurring expense to relocate the old Signa MRI to the new location, Applicant is upgrading to the new Optima MRI which will be delivered and installed directly by the manufacturer. The old Signa unit will be returned to GE Healthcare pursuant to the end-of-lease options, with GE Healthcare paying for the removal and shipping of the old Signa unit. Upgrading to the new Optima MRI is not only better for patients, but it is also more cost effective as compared to the cost of relocating the old unit to the new medical office.

II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.

- A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project.

If the project involves none of the above, describe the development of the proposal.

RESPONSE:

Applicant is relocating its orthopedic practice to a newly constructed medical office building located at 101 Physicians Way in Lebanon, Tennessee, which is currently under construction. The new building is one of five parcels in a new medical office complex known as Physicians Plaza of Lebanon, and is located immediately off of Exit 236 on I-40 (Hartmann Drive Exit). The Applicant will lease the premises from Phoenix Medical Office Building, LLC, which is wholly owned by Roy C. Terry, M.D. The only construction costs to be incurred by Applicant are MRI shielding and build-out costs for the MRI space, estimated to be \$150,000. Applicant seeks to relocate the MRI CON to the new location at 101 Physicians Way, and to replace and upgrade the Signa MRI that Applicant is currently using with the new Optima MRI as described above. The Square Footage and Cost per Square Foot Chart is not provided because the construction-related costs for this application are less than \$2 million.

The new location is in a rapidly developing area of Lebanon immediately off of Interstate 40 at Exit 236 (Hartmann Drive), approximately four miles from Applicant's current practice location. The Interstate access to Applicant's new medical office provides much easier access for patients from each of the six counties that comprise Applicant's service area, no longer requiring Applicant's patients to travel into the downtown corridor of Lebanon. Relocating the MRI to Applicant's new medical office will allow Applicant's patients to continue to receive MRI scans at the same location where they see their physician and where they receive other imaging services such as x-ray, thus maintaining the status quo albeit in a more convenient and easily accessed location.

Access to Applicant's new medical office on Physicians Way is via Franklin Road or South Hartmann Drive. The site will have ample patient parking as required by building codes, and will include a covered drop-off area located adjacent to the space housing the MRI facility. The new Optima MRI will be located on the ground level immediately adjoining the main entrance and patient drop-off area. This will allow for ease of access of patients while still providing for medical supervision as may be appropriate. The MRI space will include a waiting area, a reception and business office area, and private patient changing rooms and lockers adjacent to a large room containing the MRI unit. Ample space will be available for offices for the MRI technologist and associated work areas.

- B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.

RESPONSE:

Not Applicable (N/A). This application is for the relocation and upgrade of an existing MRI unit. It does not involve any beds for health care services.

NOT APPLICABLE (N/A) BECAUSE PROJECT COSTS EXCLUSIVE OF MAJOR MEDICAL EQUIPMENT ARE < \$2M

[illegible]

C. As the applicant, describe your need to provide the following health care services (if applicable to this application):

1. Adult Psychiatric Services
2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
3. Birthing Center
4. Burn Units
5. Cardiac Catheterization Services
6. Child and Adolescent Psychiatric Services
7. Extracorporeal Lithotripsy
8. Home Health Services
9. Hospice Services
10. Residential Hospice
11. ICF/MR Services
12. Long-term Care Services
13. **Magnetic Resonance Imaging (MRI) ****
14. Mental Health Residential Treatment
15. Neonatal Intensive Care Unit
16. Non-Residential Methadone Treatment Centers
17. Open Heart Surgery
18. Positron Emission Tomography
19. Radiation Therapy/Linear Accelerator
20. Rehabilitation Services
21. Swing Beds

RESPONSE:

Applicant will continue to provide MRI services to patients in Applicant's orthopedic and orthopedic surgery practice, as it has done continuously since the practice was formed on May 1, 2004. Retaining the ability to provide onsite MRI services is important to Applicant being able to provide appropriate and timely diagnostic services to its patients, many of whom have difficulty with mobility and ambulation due to their orthopedic conditions.

MRI scans are an indispensable tool in the diagnosis of orthopedic conditions. By providing a high quality state-of-the-art MRI scanner in its practice, Applicant is able to obtain the scan the same day as the patient's office visit, thus providing prompt diagnosis and treatment options for its patients. The new Optima MRI provides enhanced patient comfort features and superb clinical quality and capabilities. The Optima MRI is comparable to an open MRI in that it has a 50 cm usable field of view to accommodate patients up to 500 pounds. There is no other MRI in Wilson County that can accommodate patients with such large body habitus, and therefore, patients who have historically been referred outside of Wilson County for MRI will now be able to remain in Wilson County. The large-patient field of view also provides more flexibility for patient positioning, an important feature for an orthopedic practice seeing patients with severe mobility limitations.

As the Applicant relocates its offices to the new site, it is imperative for the continued success of both the Applicant and its MRI services that the MRI equipment move with the Applicant's practice.

D. Describe the need to change location or replace an existing facility.

RESPONSE:

Applicant is moving its medical office to a newly constructed medical office building with an expected February 1, 2016 move in date. As the MRI service has become an essential tool in the Applicant's practice, relocation of the MRI unit is essential.

The new location will offer patients, particularly those with physical impairments and disabilities (which is very common among the Applicant's orthopedic surgery practice), a greater ease of access, more efficient space, and more healthful surroundings. The space is at a new location that is easily accessible by public transportation, car, ambulance and wheelchair van, and that has ample parking immediately in front of the building. The MRI unit will be installed in an area larger than its current location, allowing MRI technologists increased access to the patient during the procedure. Changing rooms and lockers are located immediately adjacent to the MRI scanning room, as opposed to the dated layout in the current location, where the patient must travel through semi-public areas to get from the changing room to the MRI imaging room.

E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of \$1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:

1. For fixed-site major medical equipment (not replacing existing equipment):

a. Describe the new equipment, including:

1. Total cost (As defined by Agency Rule);
2. Expected useful life;
3. List of clinical applications to be provided; and
4. Documentation of FDA approval.

b. Provide current and proposed schedules of operations.

RESPONSE:

Upgraded MRI Unit: Optima MR450w 1.5T MR System-MSK with Flex Arrays

Total Cost: The total cost of leasing the Optima MRI unit is \$1,987,289.56 [+restoration of current MRI space]. The costs are detailed as follows:

• 7-year equipment lease for the Optima MRI unit*	\$1,210,156.70
• 7-year service agreement, commencing year 2 of lease	\$ 692,454.00
• Estimated sales tax	\$ 84,678.86
• MRI suite build-out and MRI shielding**	\$ 150,000.00
• Installation/transport of new Optima MRI	No additional charge
• De-installation/transport of old Signa MRI unit	No additional charge

A copy of the quote for the equipment lease, service agreement, estimated sales tax, and associated equipment lease documentation is attached at Attachment "Section B – Project Description – Item # II.E.1.a.1(i)."

*The cost of a 7-year capital lease for the Optima MRI is the same as purchasing the Optima MRI outright. The manufacturer's quote of the fair market value purchase price is attached at Attachment "Section B – Project Description – Item # II.E.1.a.1(ii)."

**The estimated cost of the build-out and MRI shielding is attached at Attachment "Section B – Project Description – Item # II.E.1.a.1(iii)." The build-out and shielding costs are charged to Applicant as Additional Rent under the facility lease, attached as Attachment "Section A – Applicant Profile – Item # 6."

Expected useful life: 10 Years. See GE Healthcare "useful life" letter attached as Attachment "Section B – Project Description – Item # II.E.1.a.2."

List of clinical applications to be provided: The Optima MRI referenced above is a whole body magnetic resonance scanner designed to support high resolution and high signal-to-noise ratio images in short exam times. It is indicated for use as a diagnostic imaging device to produce axial, sagittal, coronal, and oblique anatomical images, spectroscopic data, parametric maps, or dynamic images of the structures or functions of the entire body. The indication for use includes, but is not limited to, head, neck, TMJ, spine, breast, heart, abdomen, pelvis, joints, prostate, blood vessels, and musculoskeletal regions of the body. Depending on the region of interest being imaged, contrast agents may be used. The images produced by the Optima MRI reflect the spatial distribution or molecular environment of nuclei exhibiting magnetic resonance. These images and spectra, when interpreted by a trained physician yield information that may assist in diagnosis.

Documentation of FDA Approval: See Attachment "Section B – Project Description – Item # II.E.1.a.4."

Current and Proposed Schedules of Operations:

Monday – Thursday, 7:00 A.M. - 4:30 P.M., excluding holidays

Friday – as needed

(Hours to increase as additional providers hired)

2. For mobile major medical equipment:
 - a. List all sites that will be served;
 - b. Provide current and/or proposed schedule of operations;
 - c. Provide the lease or contract cost.
 - d. Provide the fair market value of the equipment; and
 - e. List the owner for the equipment.

RESPONSE:

Not Applicable (N/A)

3. Indicate applicant's legal interest in equipment (i.e., purchase, lease, etc.) In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

RESPONSE:

Applicant's lease of the Optima MRI is for a 7-year term. The total cost of the lease, inclusive of equipment, service and taxes, is \$1,987,289.56 (cost break-down detailed in Response to Question II.E.1.a above.) The quote for the equipment lease, sales tax, and associated service agreement is attached at Attachment "Section B – Project Cost – Item # II.E.1.a1(i)."

III. (A) Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which **must include**:

1. Size of site (*in acres*);
2. Location of structure on the site; and
3. Location of the proposed construction.
4. Names of streets, roads or highway that cross or border the site.

Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.

RESPONSE:

A copy of the plot plan for the new medical office building in which the MRI will be located is attached at Attachment "Section B – Project Description – Item # III.A."

Size of site (in acres): 3.63 acres

Location of structure on the site: Applicant's medical office building is located on Lot 3, which is depicted on the plot plan attached at Attachment "Section B – Project Description – III.A."

Location of the proposed construction: 101 Physicians Way, Lebanon, TN 37090

Names of streets, roads or highway that cross or border the site: 101 Physicians Way intersects with South Hartmann Drive and Franklin Road in Lebanon. The location is accessible from Interstate-40 via South Hartmann Drive at Exit 236.

- (B) 1. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

RESPONSE:

The new location is near the intersection of two major traffic arteries in Lebanon, Tennessee; Franklin Road and South Hartmann Drive. The location is immediately off of Exit 236 of Interstate I-40, the primary east-west corridor in Tennessee. This will allow ease of access for patients who reside in Wilson County as well as neighboring counties.

The location is accessible by wheel chair van, ambulance and private vehicle. The location is also accessible by public door-to-door transportation through the Mid-Cumberland Human Resource Agency serving Wilson, Trousdale, Sumner and Davidson counties and the Upper Cumberland Human Resource Agency serving Macon and Smith counties. The Mid-Cumberland and Upper Cumberland Human Resource Agencies each provide assistance to individuals with mobility limitations, to include wheel chair lifts and assistance ambulating.

The proposed space will have ample parking in front of the building. There is a covered patient drop-off area at the building's front door, and only a few yards from the ground-floor registration and waiting area used for the MRI location. The new location is being designed to provide maximum accessibility for patients who have physical impairments, disabilities, or mobility concerns.

- IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper.

NOTE: **DO NOT SUBMIT BLUEPRINTS.** Simple line drawings should be submitted and need not be drawn to scale.

RESPONSE:

See Attachment "Section B – Project Description – Item # IV."

- V. For a Home Health Agency or Hospice, identify:

1. Existing service area by County;
2. Proposed service area by County;
3. A parent or primary service provider;
4. Existing branches; and
5. Proposed branches.

RESPONSE:

Not Applicable (N/A)

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED**QUESTIONS****NEED**

1. Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee's Health: Guidelines for Growth.
 - a. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.

RESPONSE:

Applicant currently operates a Certificate of Need for an MRI (CN0004-024). This project requests approval to move the CON from its current location to a new location in the same service area. This project does not propose adding services to the community.

- b. Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards (4)(a-c).

RESPONSE:

Not Applicable (N/A). The MRI services at the new location will be provided in Applicant's orthopedic practice located in a private physician's office; not in a health care institution.

2. Describe the relationship of this project to the applicant facility's long-range development plans, if any.

RESPONSE:

The Applicant's long-range development plans include the continued growth of the Applicant's orthopedic practice in a modern medical office building that fully meets its patients' needs and the needs of the communities located in the Applicant's service area. As such, this application seeks to relocate the existing CON and to upgrade the existing MRI unit. The new Optima MRI unit will be the most efficacious in the County as it will be the only MRI to accommodate patients weighing up to 500 pounds. Relocation and upgrade of Applicant's MRI is an integral and necessary component of Applicant's long-term strategic plan of housing all clinical services provided by Applicant in the same location, thus maximizing efficiencies and efficacies associated with the delivery of orthopedic services. Applicant's patients will be able to receive 360-degree orthopedic care without having to commute from the office to an off-site diagnostic center, the local hospital's imaging department, or into Nashville metropolitan. In addition to offering its patients a comprehensive orthopedic services facility, Applicant's long-range plan includes growth of the practice through the recruitment of additional physician and non-physician providers who will utilize the MRI services as medically indicated.

3. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. Please submit the map on 8 1/2" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).

RESPONSE:

The Applicant's service area predominantly includes Wilson, Smith, Macon, Sumner and Trousdale counties, with 89.1% of Applicant's patients originating in these five counties. Wilson County is Applicant's primary service area, with 39.56% of Applicant's patients originating in Wilson County. In addition to Applicant's main office located in Wilson County (Lebanon), Applicant maintains a second Wilson County office in Mount Juliet, and satellite medical offices in Sumner (Gallatin), Macon (LaFayette) and Smith (Carthage) Counties. See the county-level service area map attached at Attachment "Section C – General Criteria for Certificate of Need – Need – Item # 2."

With regard to the reasonableness of the identified service area, Applicant's records show the following patient demographic data:

Wilson County	39.56%
Smith County	16.45%
Macon County	14.41%
Sumner County	13.43%
Trousdale County	5.25%
Other	10.90%
	100 %

Applicant holds medical staff privileges, performs orthopedic surgery, and takes emergency call at the following hospitals in the following service area counties:

- Wilson County: University Medical Center, Lebanon; Mt. Juliet Outpatient Surgery Center
- Sumner County: Sumner Regional Medical Center, Gallatin; Patient Partners Surgery Center, Gallatin
- Macon County: Macon County General Hospital, LaFayette
- Smith County: Riverview Regional Medical Center, Carthage
- Trousdale County: Trousdale Medical Center, Hartsville (no surgeries)
- Davidson County: Tri-Star Summit Medical Center, Hermitage

Applicant sees patients in nursing and rehabilitation centers at the following facilities located in the following service area counties. Applicant goes to see the patients in their long-term care facility so that the patients, who have mobility and ambulation limitations, do not have to travel to Applicant's office and the facility does not incur the cost of ambulance transport.

- Wilson County: Lebanon Health Care & Rehabilitation Center; Quality Care Health Center, Lebanon; The Pavilion Rehabilitation and Long Term Care Center, Lebanon
- Macon County: Knollwood Manor, LaFayette; The White House Assisted Living, LaFayette
- Smith County: Kindred Nursing & Rehabilitation Center, Carthage.

Applicant attends high school football games and tends to athletes' injuries for the following schools located in the service area:

- Wilson County: Lebanon High School; Friendship Christian School, Lebanon
- Macon County: Macon County High School, LaFayette
- Smith County: Smith County High School, Carthage

The new Optima MRI unit that Applicant proposes to install and operationalize will be the only MRI unit in or around Wilson County that can accommodate patients up to 500 pounds. This unit provides quicker and quieter scans than other area MRI units, which is better for patients in general but is particularly better for patients with physical or mental conditions that make MRI scanning difficult. Applicant's new office location immediately off of Interstate 40 makes it easier for Applicant's patients to reach Applicant's office, and the state-of-the-art construction and design of the new office makes it easier for patients with and without physical limitations to access the MRI facility.

4. A. Describe the demographics of the population to be served by this proposal.

RESPONSE:

According to the U.S. Census Bureau's most recent figures, Wilson County (comprising 39.56% of Applicant's patient population) is tied for the second-fastest growing county in Tennessee. Wilson County is projected to grow 21.55% from 2010 to 2020. The 2010-2020 population growth for all five counties comprising Applicant's service area is 18.11%. All age groups, genders and ethnicities require MRI services. Therefore, the marked projected growth rate for the Applicant's service area provides strong support for permitting Applicant to continue providing MRI services at its new location, as well as permitting Applicant to provide these MRI services through a new MRI unit that has greater functionality than the existing unit.

The projected population statistics and growth for each county represented in Applicant's service area is as follows:

Wilson:	113,993 population in 2010, projected to increase to 138,561 in 2020, for a projected growth rate of 21.55%.
Sumner:	160,645 population in 2010, projected to increase to 190,261 in 2020, for a projected growth rate of 18.44%.
Macon:	22,248 population in 2010, projected to increase to 24,202 in 2020, for a projected growth rate of 8.78%.
Smith:	19,166 population in 2010, projected to increase to 20,833 in 2020, for a projected growth rate of 8.70%.
Trousdale:	7,870 population in 2010, projected to increase to 8,739 in 2020, for a projected growth rate of 11.04%.
5-County Service Area	323,922 population in 2010, projected to increase to 382,596 in 2020, for a projected growth rate of 18.11%.

Sources: Esh, Connie. "County Near Tennessee's Top in Growth," Wilson Post, Apr. 9 2015.
Tennessee State Data Center, Center for Business and Economic Research. "Tennessee County Population Projections 2011-2064."

- B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

RESPONSE:

The medical services offered in Applicant's orthopedic practice are tailored to the needs of the communities located in Applicant's service area. Applicant's patient population is representative of these communities with regard to demographics, income disparities and special needs. As such, Applicant participates in health fairs and events providing medical services to the public, including partnering with public schools to provide orthopedic services to student athletes, long term care facilities to provide medical services to fragile residents who have difficulty travelling to a medical office, and employing bilingual staff to better serve the growing Hispanic population. Applicant is a participating provider in the TennCare managed care plans and with Medicare, with approximately 18% of Applicant's patient census being TennCare and 20% being Medicare/Medicare Advantage. Applicant does not place a capitation on the number of patients who will be accepted from particular insurance providers, including TennCare and Medicare patients. Additionally, Applicant provides medical services to all patients without regard to their ability to pay.

5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

RESPONSE: The MRI Utilization Report, dated as of August 10, 2015 and published by the Tennessee Health Services and Development Agency, shows the following 2012-2014 utilization for the four Wilson County MRI units, regardless of patient origin, e.g., patients originating from within or without of Tennessee:

MRI Provider	Distance from Applicant	Facility Type	2012 Total MRI Procedures	2013 Total MRI Procedures	2014 Total MRI Procedures	% Change '12-'14
Tennessee Orthopedics (Applicant)	N/A	PO	1197	1196	909	-24.06%
Premier Radiology-Mt. Juliet	11.69 mi.	ODC	2559	2562	3191	24.7%
Tennessee Sports Medicine	4.01 mi.	PO	1125	1801	1501	33.42%
University Medical Center	3.80 mi.	HOSP	3000	2213	2472	-17.6%

The drop in Applicant's MRI utilization in 2014 was due to the November 2013 reorganization of the practice, when four of six ordering providers separated from the practice. As a direct result of the reorganization, Applicant's 2014 MRI utilization decreased because there were only two ordering providers for the entire year. A third provider was added to the practice in November 2014, which has resulted in projected 2015 MRI utilization of 1,296 procedures. MRI utilization in 2016 and beyond is projected to further increase as the practice adds at least two additional physician providers beginning in September 2016.

Wilson County MRI utilization by patients originating in Wilson County, as reported in the HSDA County-Level MRI Utilization Report as of Year-End 2014, shows the following Wilson County patient utilization of Wilson County MRI providers for the year 2014.*

MRI Provider	Facility Type	Wilson Co. Resident MRI Procedures in 2014	Tennessee Resident MRI Procedures in 2014	Wilson Co. Procedures as % of Provider Total (2014)
Tennessee Orthopedics (Applicant)	PO	395	885	44.64%
Premier Radiology-Mt. Juliet	ODC	2113	3151	67.06%
Tennessee Sports Medicine	PO	Did Not Report	Did Not report	Did Not Report
University Medical Center	HOSP	1785	2472	72.21%

*The "Tennessee Resident MRI Procedures in 2014" column above shows a different procedure total than the 909 MRI procedures reported in the 2014 MRI Utilization Report, dated as of August 10, 2015, as published by the Tennessee Health Services and Development Agency, because the chart above reports only patients originating in Tennessee, whereas the MRI Utilization Report reports patients originating in any state of the United States.

The County-Level MRI Utilization Report for 2014 shows a 62% outmigration of Wilson County residents for MRI scans, meaning that 62% of Wilson County residents went outside of Wilson County to receive an MRI scan. Only 38% of Wilson County residents who received an MRI in 2014 received the MRI scan in Wilson County.

Not only will MRI utilization increase with the 21.55% population growth projected for Wilson County for the period 2010 through 2020, but the addition of the state-of-the-art Optima MRI unit proposed by Applicant will incentivize Wilson County residents to remain in the county for their health care as opposed to going outside of the county. The Optima MRI offers diagnostic capabilities and patient comfort features not available from any other MRI scanner currently operating in Wilson County. Applicant's utilization of MRI will also increase as Applicant's practice expands with the employment of additional physicians beginning in September 2016 and continuing into 2017.

Applicant is unaware of approved but unimplemented MRI projects within Applicant's geographic service area.

Sources: *Tennessee Health Services and Development Agency, MRI Equipment Utilization Report (As Of 8/10/2015).*

Tennessee Health Services and Development Agency, County-Level MRI Utilization Report as of Year-End 2014, Tennessee Health Services and Development Agency,

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology must include detailed calculations or documentation from referral sources, and identification of all assumptions.

Response: Applicant's reported MRI utilization for each of the past three years (2012-2014), as reported in the HSDA MRI Utilization Report, and projected MRI utilization for each of the two years following completion of the project (2015-2017), is as follows:

Immediately Preceding 3-Year Reported MRI Utilization*			2-Years Following Project Completion Projected MRI Utilization**	
Applicant 2012 Procedures	Applicant 2013 Procedures	Applicant 2014 Procedures	Applicant Projected 2016 Procedures (1 st year after relocation)	Applicant Projected 2017 Procedures (2 nd year after relocation)
1197	1196	909	1,693	2,565

*Source: *Tennessee Health Services and Development Agency, MRI Equipment Utilization Report (As Of 8/10/2015).*

**Source: *Applicant's MRI utilization projections. See projection methodology attached as Attachment "Section C – General Criteria for Certificate of Need – Need – Item # 6."*

Applicant's projections for 2016 and 2017 MRI utilization are premised upon (1) Applicant hiring additional orthopedic surgeons and other medical providers beginning in September 2016, (2) an increase in patient census due to the new office with its state-of-the-art facility and convenient location, (3) increased referral relationships from the primary care community throughout Applicant's geographic service area, and (4) the anticipated population growth for Wilson County and the entire geographic service area.

The projection methodology for E&M's, as shown in Table 1, is based upon Applicant's 2015 Q-3 actual Evaluation and Management ("E&M") encounters (the data element used to estimate patient visits). Table 2 shows the actual MRI utilization for that same period of time. Table 3 shows the Applicant's current single Physician-ordered MRI's per Month and projected Physiian-ordered MRI's for all of 2015. In Table 4, the projected E&M's contributable to growth is outlined by utilizing the Projected E&M's per year, the expected 10% increase due to new facility and location, the 5% increase due to new referral relationships, the 2.155%/yr. Growth due to Population growth and the previous year projected E&M's. The summation of these facts will give a Projected Annual E&M growth pattern. Finally, Table 5 demonstrates the Projected MRI's due to Growth plus the addition of one Physician in September 2016 and an additional Physician by June 2017 creating the Projected Annual MRI's from 2015 to 2017.

ECONOMIC FEASIBILITY

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

- All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)
- The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.
- The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
- For projects that include new construction, modification, and/or renovation; documentation must be provided from a contractor and/or architect that support the estimated construction costs.
- physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
- For projects that include new construction, modification, and/or renovation; documentation must be provided from a contractor and/or architect that support the estimated construction costs.

Response:

The Project Cost Chart that follows this page documents the following costs for this project:

- A. Legal, Administrative and Consulting Fees: Estimated at \$15,000.
- B. Facility: The MRI suite is housed inside a medical office building owned by Phoenix Medical Office Building, LLC (PMOB"), which is leasing the building to Applicant for Applicant's medical practice. Applicant and PMOB are entering into a separate lease agreement for the MRI suite which comprises 1,396 square feet of the building, covering the timeframe contemplated for Applicant's use of the Optima MRI. The lease agreement includes annual lease costs, which in the first year are \$19/square foot base rent, \$4/square foot common area maintenance, and a 7-year loan at 5% interest from landlord to pay the build-out and MRI shielding costs. The total lease costs over the 8-years of the project are \$463,360.16. The lease agreement is attached as Attachment "Section A – Applicant Profile – Item # 6." The contractor's estimated build-out and MRI shield expense is included in the immediately referenced attachment setting forth the lease agreement.

- C. **Equipment:** The Optima MRI is being leased from GE Healthcare for a 7-year lease term at a total cost of \$1,210,156.70. At the end of the term, Applicant will have end-of-term options to include purchasing the MRI. The leased equipment is subject to taxes at the estimated rate of 7% of the lease price, or \$84,678.86. Applicant is entering into a 7-year service agreement commencing the second year of the lease term, thus extending the total timeframe of this project to 8-years. The annual cost of the service agreement is \$98,922, or \$692,454 over the course of this project. The equipment lease and service agreement quote from GE Healthcare is attached at Attachment "Section B – Project Cost – Item # II.E.a.1(i)."

The fair market purchase price of the Optima MRI is the same as the quoted lease cost. See the GE Healthcare purchase price quote attached as Attachment "Section B – Project Cost – Item # II.E.a.1(ii)."

- D. **Total Project Cost:** The total project cost, exclusive of the CON filing fee, is \$2,465,649.72.

PROJECT COSTS CHART

0016154926

A.	Construction and equipment acquired by purchase:	
	1. Architectural and Engineering Fees	
	2. Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	\$ 15,000.00
	3. Acquisition of Site	
	4. Preparation of Site	
	5. Construction Costs	
	6. Contingency Fund	
	7. Fixed Equipment (Not included in Construction Contract)	
	8. Moveable Equipment (List all equipment over \$50,000)	
	9. Other (Specify) _____	
B.	Acquisition by gift, donation or lease:	
	1. Facility (inclusive of building and land) Medical office space lease	\$ 463,360.16
	2. Building only	
	3. Land only	
	4. Equipment (Specify) Equipment lease, service agreement, estimated taxes	\$1,987,289.56
	5. Other (Specify)	
C.	Financing Costs and Fees:	
	1. Interim Financing	
	2. Underwriting Costs	
	3. Reserve for One Year's Debt Service	
	4. Other (Specify) _____	
D.	Estimated Project Cost (A+B+C)	\$2,465,649.72
E.	CON Filing Fee	\$ 5,547.71
F.	Total Estimated Project Cost TOTAL	\$2,471,197.43
	(D+E)	

2. Identify the funding sources for this project.

Please check the applicable item(s) below and briefly summarize how the project will be financed. (*Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.*)

- ☐ A. Commercial loan--Letter from lending institution or guarantor stating favorable initial contract, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ B. Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ C. General obligation bonds--Copy of resolution from issuing authority or minutes from the appropriate meeting.
- ☐ D. Grants--Notification of intent form for grant application or notice of grant award; or
- ☒ E. Cash Reserves--Appropriate documentation from Chief Financial Officer.
- ☐ F. Other--Identify and document funding from all other sources.

RESPONSE:

This project is financed with the cash reserves of the Applicant. The monthly equipment lease, associated taxes, and service agreement will be paid as those amounts are due under the respective agreements with GE Healthcare. The monthly facility rent payments will similarly be paid to the landlord each month as they become due. Applicant's realized revenues are dependent on insurance claims being processed and paid in a timely manner, and because there can be great variation in the timeliness as well as the amount of payments received from third party payers, Applicant maintains a \$250,000 commercial line of credit to supplement cash needs from time to time. Applicant's 2014 year-end unaudited financial statements and 2015 year-to-date unaudited financial statements as of August 31 are attached as requested in response to Item # 10 in this Section C-Economic Feasibility (see "Attachment C - General Criteria for Certificate of Need - Economic Feasibility - Item # 10.")

3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

RESPONSE:

The estimated cost per square foot of the project is \$1,766.00, calculated as follows: \$2,465,649.72 estimated project cost (excluding filing fee), divided by 1,396 gross square feet for the MRI suite. The principal costs associated with the project are the capital lease for the new MRI unit and the facility lease for the MRI Suite, both of which are fair market value. The monthly capital lease cost for the new Optima MRI unit of \$14,489.72/month is less than the \$15,025.15 monthly capital lease cost for the current Signa MRI unit that is being replaced.* Further, the new MRI has a 1-year service warranty, which allows the service agreement commencement date and associated costs to be deferred until the second year of the project.

*The comparison of the 2011 capital lease for the current MRI unit and the capital lease for the proposed Optima MRI unit is somewhat inapposite because the 2011 capital lease is for a 60-month term, whereas the new Optima MRI capital lease will be for an 84-month term. Regardless, the monthly expense to Applicant is less with the new lease.

The 1,396 square foot MRI suite will be located in a new Class A medical office building located in the newest and most prestigious medical office park in Applicant's service area. The medical office building has state of the art systems, exceptional accessibility and noted market presence, all of which are necessary for Applicant to provide the most integrated orthopedic services to Applicant's patients. The composite rent (which includes base rent, common area maintenance, and build-out/MRI shielding costs) is fair market value for the location and quality of the space.

Applicant's proposed MRI relocation and upgrade project is less costly on a per/square foot basis than a virtually identical project proposed in Montgomery County by Premier Medical Group, P.C. (CN1505-016). Premier Medical Group's MRI relocation and upgrade project is \$190/square foot more costly than this Wilson County project proposed by Applicant, calculated as follows: \$2,064,060 estimated project cost (excluding filing fee), divided by 1,055 gross square feet for the MRI suite, equals \$1,956 cost per square foot. By comparison, Applicant's cost per square foot is \$1,766, which is \$190 less per square foot than the project proposal by Premier Medical Group.

In addition to providing MRI services from the new location, Applicant is upgrading the existing MRI to a new unit leased from GE Healthcare, pursuant to which GE Healthcare is (i) delivering and installing the new unit, and (ii) de-installing and returning the old leased unit, as part of the new lease agreement. In the absence of a newly leased MRI unit, Applicant would be required to pay the cost of relocating the old unit to the new location. However, as part of the new lease agreement, GE Healthcare is paying both the cost of installing the new MRI unit and the cost of removing and returning the old MRI unit, resulting in a reduction in the overall project costs.

4. Complete Historical and Projected Data Charts on the following two pages--**Do not modify the Charts provided or submit Chart substitutions!** Historical Data Chart represents revenue and expense information for the last *three* (3) years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the **Proposal Only** (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).

RESPONSE:

See the Historical Data Chart and Projected Data Chart on the following pages.

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

RESPONSE:

Gross charges are calculated at an average gross charge per MRI procedure of \$1,529.76. The average deduction from operating revenue is \$1,204.71 per MRI procedure. The average net charge per MRI procedure is \$325.05.

October 30, 2015

11:01 am

HISTORICAL DATA CHART (Revised 10/30/15)

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in **JANUARY** (Month).

	Year 2012	Year 2013	Year 2014
A. Utilization Data (# MRI scans)	1197	1196	909
B. Revenue from Services to Patients			
1. Inpatient Services	\$ _____	\$ _____	\$ _____
2. Outpatient Services	1,972,389	1,805,657	1,390,556
3. Emergency Services	_____	_____	_____
4. Other Operating Revenue (Specify) _____	_____	_____	_____
Gross Operating Revenue	\$1,972,389	\$1,805,657	\$1,390,556
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$1,352,075	\$1,280,988	\$1,038,140
2. Provision for Charity Care	4,279	4,054	\$3,285
3. Provisions for Bad Debt	69,886	66,211	53,659
Total Deductions	\$1,426,240	\$1,351,253	\$1,095,084
NET OPERATING REVENUE	\$546,149	\$454,404	\$295,472
D. Operating Expenses			
1. Salaries and Wages	\$134,122	\$121,912	\$63,411
2. Physician's Salaries and Wages	_____	_____	_____
3. Supplies	4,756	3,149	\$4,479
4. Taxes (Payroll Taxes)	11,101	9,211	5,116
5. Depreciation	_____	_____	_____
6. Rent	58,141	24,926	51,833
7. Interest, other than Capital	_____	_____	_____
8. Management Fees:			
a. Fees to Affiliates	_____	_____	_____
b. Fees to Non-Affiliates	_____	_____	_____
9. Other Expenses (Specify) All Other, MRI Lease, Utilities	228,641	278,471	281,540
Total Operating Expenses	\$436,761	\$437,669	\$406,379
E. Other Revenue (Expenses) – Net (Specify)	\$ _____	\$ _____	\$ _____
NET OPERATING INCOME (LOSS)	\$109,388	\$16,735	\$(110,907)
F. Capital Expenditures			
1. Retirement of Principal	\$ _____	\$ _____	\$ _____
2. Interest	_____	_____	_____
Total Capital Expenditures	\$ 0	\$ 0	\$ 0
NET OPERATING INCOME (LOSS)			
LESS CAPITAL EXPENDITURES	<u>\$109,388</u>	<u>\$16,735</u>	<u>\$(110,907)</u>

October 30, 2015**11:01 am**

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PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in **JANUARY** (Month).

	Year 2016	Year 2017
A. Utilization Data (# MRI scans)	1693	2565
B. Revenue from Services to Patients		
1. Inpatient Services	\$ _____	\$ _____
2. Outpatient Services	\$2,589,891	\$3,923,846
3. Emergency Services	_____	_____
4. Other Operating Revenue (Specify) _____	_____	_____
Gross Operating Revenue	\$2,589,891	\$3,923,846
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$1,933,521	\$2,929,404_
2. Provision for Charity Care	6,119	9,270
3. Provisions for Bad Debt	99,939	151,414
Total Deductions	\$2,039,579	\$3,090,089
NET OPERATING REVENUE	\$550,312	\$833,757
D. Operating Expenses		
1. Salaries and Wages	\$53,040	\$53,040
2. Physician's Salaries and Wages	_____	_____
3. Supplies	8,342	12,639
4. Taxes	6,400	6,400
5. Depreciation	_____	_____
6. Rent	32,102	32,102
7. Interest, other than Capital (Build-out loan)	25,441	25,441
8. Management Fees:		
a. Fees to Affiliates	_____	_____
b. Fees to Non-Affiliates	_____	_____
9. Other Expenses (Specify) MRI Lease, Utilities, etc.	104,251	283,051
Total Operating Expenses	\$229,576	\$412,673
E. Other Revenue (Expenses) -- Net (Specify)	\$ _____	\$ _____
NET OPERATING INCOME (LOSS)	\$320,736	\$421,084
F. Capital Expenditures		
1. Retirement of Principal	\$ _____	\$ _____
2. Interest	_____	_____
Total Capital Expenditures	\$ 0	\$ 0
NET OPERATING INCOME (LOSS)		
LESS CAPITAL EXPENDITURES	<u>\$320.736</u>	<u>\$421.084</u>

6. A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

RESPONSE:

Applicant's current charge schedules for MRI services are set forth on Attachment "Section C – General Criteria for Certificate of Need - Economic Feasibility – Item # 6.A." Subject to contractual adjustments that may be required from third party payers from time to time, as well as market adjustments, Applicant anticipates the proposed charge schedule to be in effect in the new location as of February 1, 2016. Anticipated revenues from MRI services are expected to increase over time as Applicant employs additional physician and non-physician providers, as patient census increases due to the new conveniently located medical office, and with increased referrals from primary care providers (due both to the new convenient location and the enhanced quality and comfort of the new Optima MRI). The relocation and upgrade of Applicant's MRI is not expected to impact patient charges.

- B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

RESPONSE:

Applicant proposes to retain its current charge schedule for MRI services in effect for the two years following the project completion.

Applicant's average MRI procedure charge in 2014 is less than the three other Wilson County MRI providers. As reported in the HSDA MRI Utilization Report as of 8/10/15, Wilson County MRI provider average procedure charges in 2014 were as follows:

<u>Provider</u>	<u>2014 MRI Procedures</u>	<u>2014 Gross Charges</u>	<u>2014 Average MRI Procedure Charge</u>
Tennessee Orthopedics, P.C.	909	\$1,390,556*	\$1,529.76
Premier Radiology Mt. Juliet	3191	\$6,017,892.00	\$1,885.90
Tennessee Sports Medicine	1501	\$2,851,900.00	\$1,900.00
University Medical Center	2472	\$13,918,707.00	\$5,630.54

*The 2014 MRI procedure and gross charge data is extracted from the MRI Utilization Report, as of 8/10/15, published by the Health Services and Development Agency. This report incorrectly underreports Applicant's 2014 gross charges as \$31,766. The correct gross charge of \$1,390,556 listed above is reported on the Historical Data Chart above.

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

RESPONSE:

The utilization rates for Applicant's MRI services following the relocation and upgrade are projected to surpass current utilization based upon an expansion of the number of providers employed by the practice, and a projected increase in patient census that will correspond both to the additional providers as well as environmental and community factors discussed in paragraph 6-Need above. The increased increase in MRI utilization will in turn result in lower operating costs per scan. Applicant's current MRI services are already cost-effective and efficacious, as demonstrated in the Average MRI Procedure Charge immediately above, and are projected to be more cost-effective and efficacious with the increased utilization.

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

RESPONSE:

As exhibited on the Projected Data Chart, Applicant expects the MRI services to be financially viable and to not incur financial losses. Current financial losses are attributable to the decreased MRI utilization caused by the organizational restructuring that occurred in November 2013 and the associated loss of four of six ordering providers. Applicant is re-growing the practice, and is adding a physician provider effective September 1, 2016 and another physician provider no later than June 1, 2017.

Furthermore, because the project costs associated with relocating and upgrading the MRI unit are rolled into the overall construction costs for the new office building, the MRI relocation/upgrade benefits from economies of scale and enjoys a lower project cost than if the relocation/upgrade were done as an individual project.

Regardless, Applicant's practice location is changing effective February 1, 2016 and the MRI must be relocated. Upgrading the MRI services benefits Applicant's patients because the new state-of-the-art unit operates more efficiently than the existing old unit.

9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

RESPONSE:

Applicant will continue to be a significant provider of services to patients who are insured under the federal and state health care programs, who are not insured, and who are medically indigent. Applicant anticipates that the percentage of patients insured through the federal and state health care programs will increase as the population ages. Similarly, the percentage of TennCare/Medicaid and Indigent/Charity services offered will fluctuate with economic indicators such as recessions and unemployment. Applicant expects to continue to serve the medical needs of these patient populations as necessary to meet their medical and health needs. Currently, Applicant's payer mix for these patient populations is as follows.

Payment Source	Payer Mix Percentage	2016 Projected MRI Gross Revenues	Total 2016 Projected MRI Gross Revenues by Federal Payer and Indigent/Charity Care
Medicare	20%	\$1,633,500	\$326,700
TennCare/Medicaid	18%	\$1,633,500	\$294,030
Indigent/Charity Care	10%	\$1,633,500	\$163,350

In addition to providing indigent and charity care, Applicant's providers dedicate a significant amount of time volunteering their services to local high schools and free clinics, none of which is reflected in the "Indigent/Charity Care" category listed in the chart above. The \$163,300 projected 2016 Indigent/Charity Care noted above only includes patients who were registered in the ordinary course as patients of the practice and seen without the expectation of payment because of their financial status.

10. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent 2014 financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.

RESPONSE:

Applicant does not receive audited financial statements. In lieu of same, please see Applicant's 2014 year-end financial statements and Applicant's 2015 year-to-date financial statements as of August 31, attached as Attachment "Section C – General Criteria for Certificate - Economic Feasibility – Item # 10."

11. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:
 - a. A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.

RESPONSE:

There is no alternative to relocating the MRI because the leasehold space in which it is currently located is being terminated effective February 1, 2016. Applicant is relocating its entire medical practice, including the MRI services.

The alternative to upgrading the MRI is simply relocating the existing MRI unit. However, the enhanced diagnostic capabilities and increased efficiencies of the new state-of-the-art MRI unit provide more efficacious medical services for Applicant's patients.

- b. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.

RESPONSE:

Because Applicant is relocating the MRI unit to newly constructed space that will house all of Applicant's medical practice (to include diagnostic imaging and rehabilitative services), it is most efficacious for Applicant to also locate Applicant's MRI services in the new space. Applicant's patients will be able to continue receiving MRI services in the same location where they receive medical examination, x-ray, rehabilitation and other patient services that Applicant may provide. Relocating the MRI into the same space as the rest of Applicant's clinical practice negates patients having to travel to multiple locations for their health services. Such same-site health services is particularly important to Applicant's orthopedic patients who typically have constraints on their mobility and ambulation, including their ability to get into and out of an automobile with ease.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.

RESPONSE:

- A. Applicant has a contractual agreement with Advanced Diagnostic Imaging, P.C. for the interpretation of MRI scans. This agreement is attached as Attachment "Section C – General Criteria for Certificate of Need - Contribution to the Orderly Development of Health Care - Item # 1.A."
- B. Applicant's physician providers regularly provide emergency on-call services for the following area hospitals:
 - Wilson County: University Medical Center, Lebanon; Mt. Juliet Outpatient Surgery Center
 - Sumner County: Sumner Regional Medical Center, Gallatin
 - Macon County: Macon County General Hospital, LaFayette
 - Smith County: Riverview Regional Medical Center, Carthage
 - Trousdale County: Trousdale Medical Center, Hartsville (no surgeries)
 - Davidson County: Tri-Star Summit Medical Center, Hermitage
- C. Applicant's physician providers are on the active medical staffs of the above-listed community hospitals, performing uncompensated committee or other functions as requested.

D. Applicant's physician providers regularly visit the following area nursing homes to provide medical services to the residents:

- Wilson County: Lebanon Health Care & Rehabilitation Center; Quality Care Health Center, Lebanon; The Pavilion Rehabilitation and Long Term Care Center, Lebanon
- Macon County: Knollwood Manor, LaFayette; The White House Assisted Living, LaFayette
- Smith County: Kindred Nursing & Rehabilitation Center, Carthage.

2. Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

RESPONSE:

Applicant seeks to relocate an existing "physicians office" MRI unit from its existing location to Applicant's newly constructed medical office building, approximately four miles away; maintaining the status quo of MRI availability in Wilson County. There is no duplication of MRI services because the MRI unit is already approved and included in the Wilson County MRI inventory. For the same reason, the relocated MRI does not increase or otherwise adversely affect competition.

The MRI relocation is expected to have a meaningful and substantial positive impact on the delivery of health care services in Wilson County. The new location is a modern medical office in which all clinical services offered by Applicant's medical practice (e.g., medical examination and treatment, x-ray, MRI, rehabilitative services) are available to Applicant's patients in the same location, thus making it easier for Applicant's patients who suffer ambulation and mobility difficulties to access the health services and decreasing commuting time.

3. Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.

RESPONSE:

Applicant's current MRI is staffed with a single certified MRI technologist who typically works 30 hours per week at an hourly rate of \$34/hour. Annualized, this is approximately \$53,040 annual wage. According to www.indeed.com, the prevailing wage for a full-time MRI technologist in Lebanon, Tennessee is \$68,000 annually. If Applicant's MRI technologist worked a standard full-time 40-hour workweek, she would earn an annual salary of \$70,720. Thus, Applicant's MRI technologist is paid a competitive wage. Applicant does not anticipate increasing or decreasing MRI staffing after the February 1, 2016 relocation and upgrade.

4. Discuss the availability of and accessibility to human resources required by the proposal, including adequate physician's staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.

RESPONSE:

Staffing requirements for Applicant's MRI unit that operates Monday through Thursday, and Friday as needed, is one certified MRI technologist, who is currently employed with Applicant and will relocate employment to the new office building. To the extent that Applicant needs to replace this position in the future, Lebanon is a sophisticated health care community with a ready supply of trained and competent providers, including trained MRI technologist.

5. Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review policies and programs, record keeping, and staff education.

RESPONSE:

Applicant has reviewed and understands all applicable licensing certification as required by the State of Tennessee for the operation of MRI services.

5. Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.)

RESPONSE:

Applicant participates in shadowing programs with students who express interest in the health care professions. Applicant also participates in the physician assistant clinical training program at Trevecca University and the nurse practitioner clinical training program at Vanderbilt University.

7. (a) Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.

RESPONSE:

Applicant has reviewed and understands the applicable licensure and Medicare requirements for MRI services.

- (b) Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

RESPONSE:

Applicant's providers who order MRI services are licensed by their respective health care licensing boards. Applicant's MRI technologist who performs the scans is certified by the applicable certification organization. No other licensure, certification or accreditation is required for the delivery of MRI services. However, Applicant intends to seek voluntary accreditation for its MRI services as an expression of Applicant's commitment to clinical excellence.

- (c) If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.

RESPONSE:

Not Applicable (N/A). Applicant does not require licensure, certification or accreditation with any government agency.

- (d) For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.

RESPONSE:

Not Applicable (N/A). Applicant is not required to undergo licensure certifications or inspections. None of Applicant's individual providers who are enrolled as Medicare and TennCare suppliers have been the subject of any adverse actions or exclusions.

8. Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against physician's licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.

RESPONSE:

None.

9. Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project.

RESPONSE:

None.

10. If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

RESPONSE:

Applicant will continue to provide the Tennessee Health Services and Development Agency, and any other state agency as required, with the utilization data described in this question.

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PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

RESPONSE: See Proof of Publication on the following page.

Call: 615-452-4940

Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

DEVELOPMENT⁴⁷ SCHEDULE

Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.

RESPONSE:

See Project Completion Forecast Chart on next page.

2. *If the response to the preceding question indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph, please state below any request for an extended schedule and document the "good cause" for such an extension.*

RESPONSE:

Not Applicable (N/A). The project is expected to be completed with the period of validity as defined above.

Form HF0004
Revised 02/01/06
Previous Forms are obsolete

October 26, 2015**3:47 pm**
REVISED**PROJECT COMPLETION FORECAST CHART**

Enter the Agency projected Initial Decision date as published in T.C.A. § 68-11-1609(c):

December 23, 2015

Assuming the CON approval becomes the final agency action on that date; indicate the number of days from the above agency decision date to each phase of the completion forecast.

Phase	DAYS REQUIRED	Anticipated Date (MONTH/YEAR)
1. Architectural and engineering contract signed	- 0 -	Completed
2. Construction documents approved by the Tennessee Department of Health	N/A	N/A
3. Construction contract signed	- 0 -	Completed
4. Building permit signed	- 0 -	Completed
5. Site preparation completed	- 0 -	Completed
6. Building construction commenced	- 0 -	Underway
7. Construction 40% complete		Completed
8. Construction 80% complete		11/15/15
9. Construction 100% complete (approved for occupancy)		1/15/16
10. *Issuance of license	N/A	N/A
11. *Initiation of service	Services currently being provided; Seeking MRI relocation only	2/1/16
12. Final Architectural Certification of Payment		2/1/16
13. Final Project Report Form (HF0055)		5/1/16

* For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

AFFIDAVIT

02/05/15 09:29

STATE OF TENNESSEE

COUNTY OF WILSON

ROY C. TERRY, M.D., being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68- 11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.


SIGNATURE/TITLE

Sworn to and subscribed before me this 5th day of October, 2015 a Notary
(Month) (Year)

Public in and for the County/State of Wilson/Tennessee.




NOTARY PUBLIC

My commission expires 06/18, 2018.
(Month/Day) (Year)

SECTION A – APPLICANT PROFILE – ITEM # 13
(TennCare MCOs)

**TennCare Managed Care Organizations Currently Operating
in Applicant's Geographic Service Area**

AMERIGROUP
BlueCare
United Healthcare Community Plan
TennCare Select

Applicant participates with each of the above-listed TennCare Managed Care Organizations.

Applicant does not have any out-of-network relationships with TennCare Managed Care Organizations.

SECTION B – PROJECT COST – ITEM # II.E.1.a.1(iii)
(Optima MRI Shielding Costs)



October 3, 2015

Dr. Roy Terry
1616 West Main Street
Lebanon, TN 37087

RE: MRI Build-out at the Hartmann Drive MOB (Phoenix Building)

Dear Dr. Terry,

The preliminary budget for the build-out of the Imaging Suite located at the new Phoenix Medical building is estimated to be \$150,000. This preliminary budget includes the interior walls, sheet rock, flooring, painting, electrical, mechanical, fire protection and the required shielding. The imaging equipment is to be supplied and installed by others under separate contract.

Should you have any questions or if you need any additional information, please do not hesitate to contact me.

Sincerely,

A handwritten signature in dark ink, appearing to read 'D.K. Pine'.

David K. Pine, P.E.

SECTION B – PROJECT DESCRIPTION – ITEM # II.E.1.a.2
(Optima MRI Useful Life)



GE Healthcare

Timothy A. NustadCTO & GM Science & Technology
Global MR Business3200 N. Grandview Blvd, W825
Waukesha, WI 53188
USAT 262-521-6590
C 414-750-9275
Timothy.nustad@ge.com

August 25th, 2015

Tosha Smart, MHA
Tennessee Orthopedics
1616 West Main Street, Lebanon, TN 37087

Dear Tosha,

Regarding your questions on useful life for the GE MR 450W system, we are happy to provide some information that may be helpful.

GE's current practice is to provide service and parts support for a minimum of 10 years after installation of new GE MRI systems. Customers are advised if service and part availability changes after that time period and we work to provide solutions beyond that time frame whenever possible.

The useful life of the equipment has extended well beyond this time period for many customers and they have continued to operate equipment for longer periods of time. GE has observed MRI equipment demonstrate a useful life of 15 years and longer in our installed base.

The above statements regarding useful life and service availability are not intended to be legally binding and shall not be construed as any form of guaranty or warranty. Instead, they are provided strictly for informational purposes at the request of Tennessee Orthopedics.

If more detailed information is needed, please do not hesitate to contact me.

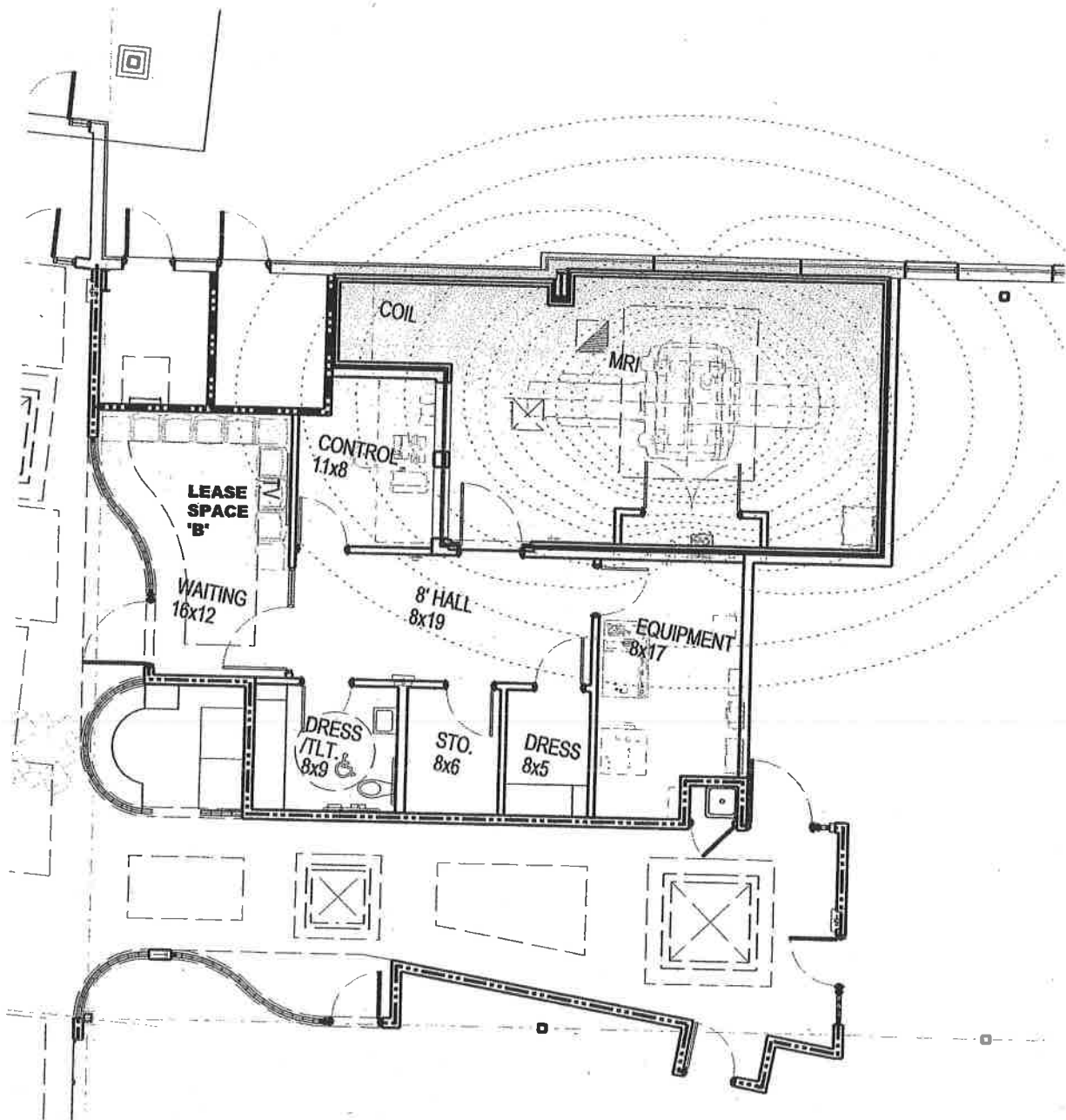
Best Regards,

A handwritten signature in black ink, appearing to read 'T. Nustad'.

Timothy A. Nustad
CTO & GM Science & Technology
Global MR Business

Section B – Project Description – Item # III.A
(Plot Plan)

Section B – Project Description – Item # IV
(MRI Facility Floor Plan)



TENNESSEE ORTHOPEDICS IMAGING - LEASE 'B' - SUITE 112

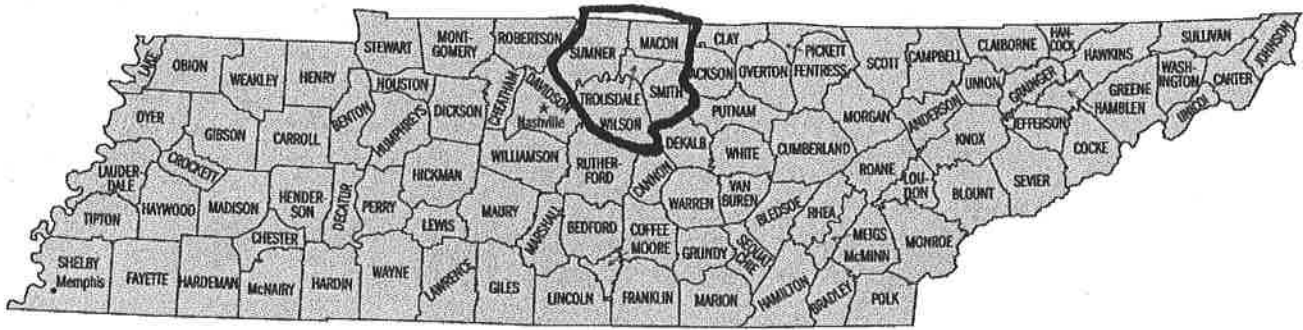
SCALE: 1" = 10'-0"

1,385 SQ.FT.



ISSUED:	28 August, 2015	sketch no.
REVISED:		
TENANT PLANS		1 of 2

Section C – General Criteria for Certificate of Need – Need – Item # 2
(County-Level Service Area Map)



Section C – General Criteria for Certificate of Need – Need – Item # 6
(Applicant Projection Methodology for 2016-2017 MRI Procedures)

Table 1

# Evaluation & Management per Month			
Year	Month	Month	Month
2015	July	August	September
Actual # 2015 E & M's per month	1328	1219	1498
Average # 2015 E & M's per Month		1,348.33	
Projected E & M's for Year 2015		16,180	

July+Aug+Sept E&M/3
Ave E&M/month x 12

Table 2

# MRI's per Month			
Year	Month	Month	Month
2015	July	August	September
Actual # 2015 MRI's per month	91	108	126
Average # 2015 MRI's per Month		108	
Projected MRI's for Year 2015		1,296	

July+Aug+Sept MRI/3
Ave MRI/mon x 12

Table 3

Physician Ordered MRI's per Month			
Year	Month	Month	Month
2015	July	August	September
Actual # 2015 Current MD Ordered MRI's per month	44	32	55
Average # MRI's per Month		43.67	
Projected MRI's for 2015		524	
Projected MRI's for 4 month 2015		175	
Projected MRI's for 6 month 2015		262	

July+Aug+Sept MRI/3
Ave MRI/mon x 12
Ave MRI/mon x 4
Ave MRI/mon x 6

Table 4

Projected E & M's Due to Growth			
	Year	Year	Year
	2015	2016	2017
# Projected E & M's per Year	16,180	18,956	22,209
10% Increase due to new facility & location		1,618	1,896
5 % Increase due to new referral relationships		809	948
Increase due to Population Growth of 2.155%/yr		349	409
Prior Year Projected E & M's		16,180	18,956
# Projected E & M's per Year	16,180	18,956	22,209
Annual Increase = Annual E&M's x 0.10			
Annual Referral Increase = Annual E&M's x 0.05			
2010 - 2020 Area Population Growth Rate = 21.55%			
Annual Area Population Growth Rate = 2.155%/year			
Growth Rate = Annual E&M's x 0.02155			
Projected Annual E&M's = Increase+Referrals+Growth Rate+ Prior year E&M's			

Table 5

Projected MRI's Due to Growth + Additional Physicians			
	Year	Year	Year
	2015	2016	2017
# Projected E & M's per Year	16,180	18,956	22,209
# Projected MRI's due to Growth	1,296	1,518	1,779
# MRI's ordered in 4 mo (Sept 2016) from additional 2016 MD		175	
# MRI's ordered in 1 yr from additional 2016 MD			524
# MRI's ordered in 6 mo (June 2017) from additional 2017 MD			262
MRI's growth + Additional Physicians	1,296	1,693	2,565
<p>2015 MRI's / 2015 E&M's = 0.0801MRI per E&M</p> <p>2016 MRI = 2016 E&M x 0.0801</p> <p>2017 MRI = 2017 E&M x 0.0801</p> <p>2016 MRI's for 4 months New Physician</p> <p>2017 MRI's for 12 months 2016 Physician</p> <p>2017 MRI's for 6 months 2017 Physician</p> <p>Proj Annual MRI's = Growth MRI's + Additional Physicians MRI's</p>			

Section C – General Criteria for Certificate of Need - Economic Feasibility – Item # 6.A
(Current and Proposed MRI Charge Schedules)

PROC#/NAME	SHORT NAME	CODES	RBRVS	SLOT#	FEE	SLOT#	FEE	SLOT#	FEE	SLOT#	FEE
7372326	MRI JOINT LOW E		Work .0000 Pr. Exp .0000 Malp. .0000 Prof. .0000 Tech. .0000	1	314.00						
71550	MRI CHEST W/O C	71550	Work .0000 Pr. Exp .0000 Malp. .0000 Prof. .0000 Tech. .0000	1	1,630.00						
7155026	MRI CHEST W/O C	71550	Work .0000 Pr. Exp .0000 Malp. .0000 Prof. .0000 Tech. .0000	1	213.00						
71550TC	MRI SPINE W/O C	71550TC	Work .0000 Pr. Exp .0000 Malp. .0000 Prof. .0000 Tech. .0000	1	1,417.00						
72141	MRI NECK W/O CO	72141	Work .0000 Pr. Exp .0000 Malp. .0000 Prof. .0000 Tech. .0000	1	1,381.00						
7214126	MRI SPINE W/O C	72141	Work .0000 Pr. Exp .0000 Malp. .0000 Prof. .0000 Tech. .0000	1	216.00						
72141TC	MRI SPINE	72141	Work .0000 Pr. Exp .0000 Malp. .0000 Prof. .0000 Tech. .0000	1	1,165.00						
72146	MRI CHEST W/O C	72146	Work .0000 Pr. Exp .0000 Malp. .0000 Prof. .0000 Tech. .0000	1	1,381.00						
7214626	MRI CHEST SPINE	72146	Work .0000 Pr. Exp .0000 Malp. .0000 Prof. .0000 Tech. .0000	1	215.00						
72146TC	MRI CHEST W/O C	72146	Work .0000 Pr. Exp .0000 Malp. .0000 Prof. .0000 Tech. .0000	1	400.00						
72148	MRI LUMBAR W/O	72148	Work .0000 Pr. Exp .0000 Malp. .0000 Prof. .0000 Tech. .0000	1	1,381.00						
7214826	MRI LUMBAR W/O	72148	Work .0000 Pr. Exp .0000 Malp. .0000 Prof. .0000 Tech. .0000	1	216.00						
72148TC	MRI LUMBAR SPIN	72148	Work .0000 Pr. Exp .0000 Malp. .0000 Prof. .0000 Tech. .0000	1	1,164.00						
72156	MRI C SPINE	72156	Work .0000 Pr. Exp .0000 Malp. .0000 Prof. .0000 Tech. .0000	1	2,557.00						
7215626	MRI C SPINE W-W	72156	Work .0000 Pr. Exp .0000 Malp. .0000 Prof. .0000 Tech. .0000	1	334.00						
72156TC	MRI C SPINE W-W	72156	Work .0000 Pr. Exp .0000 Malp. .0000 Prof. .0000 Tech. .0000	1	2,222.74						
72158	MRI LUMBAR W-W/	72158	Work .0000 Pr. Exp .0000 Malp. .0000 Prof. .0000 Tech. .0000	1	2,557.00						
7215826	MRI LUMBAR SPIN	72158	Work .0000 Pr. Exp .0000 Malp. .0000	1	335.00						

[RP00050] File Maintenance List
 TENNESSEE ORTHOPEDICS, P.C.
 USER - debbie

68
 Procedure

DATE 8/26/2015
 TIME 12:03
 PAGE 2

PROC#/NAME	SHORT NAME	CODES	RBRVS	SLOT#	FEE	SLOT#	FEE	SLOT#	FEE	SLOT#	FEE
			Prof.	.0000							
			Tech.	.0000							
72158TC	MRI LUMBAR SPIN	72158	Work	.0000	1	2,221.00					
			Pr. Exp	.0000							
			Malp.	.0000							
			Prof.	.0000							
			Tech.	.0000							
72195	MRI PELVIS W/O	72195	Work	.0000	1	1,630.00					
			Pr. Exp	.0000							
			Malp.	.0000							
			Prof.	.0000							
			Tech.	.0000							
7219526	MRI PELVIS W/O	72195	Work	.0000	1	214.00					
			Pr. Exp	.0000							
			Malp.	.0000							
			Prof.	.0000							
			Tech.	.0000							
72195TC	MRI PELVIS	72195	Work	.0000	1	1,416.00					
			Pr. Exp	.0000							
			Malp.	.0000							
			Prof.	.0000							
			Tech.	.0000							
73218	MRI UPPER EXT W	73218	Work	.0000	1	1,626.00					
			Pr. Exp	.0000							
			Malp.	.0000							
			Prof.	.0000							
			Tech.	.0000							
7321826	MRI UPPER EXTRE	73218	Work	.0000	1	130.00					
			Pr. Exp	.0000							
			Malp.	.0000							
			Prof.	.0000							
			Tech.	.0000							
73218TC	MRI UPPER	73218	Work	.0000	1	1,496.00					
			Pr. Exp	.0000							
			Malp.	.0000							
			Prof.	.0000							
			Tech.	.0000							
73220	MRI UPPER	73220	Work	.0000	1	1,408.00					
			Pr. Exp	.0000							
			Malp.	.0000							
			Prof.	.0000							
			Tech.	.0000							
7322026	MRI UPPER EXT W	73220	Work	.0000	1	314.00					
			Pr. Exp	.0000							
			Malp.	.0000							
			Prof.	.0000							
			Tech.	.0000							
73220TC	MRI UPPER EXTRE	73220	Work	.0000	1	1,094.00					
			Pr. Exp	.0000							
			Malp.	.0000							
			Prof.	.0000							
			Tech.	.0000							
73221	MRI UPPER EXT W	73221	Work	.0000	1	1,626.00					
			Pr. Exp	.0000							
			Malp.	.0000							
			Prof.	.0000							
			Tech.	.0000							
7322126	MRI UPPER JOINT	73221	Work	.0000	1	198.00					
			Pr. Exp	.0000							
			Malp.	.0000							
			Prof.	.0000							
			Tech.	.0000							
73221TC	MRI UPPER	73221	Work	.0000	1	1,428.00					
			Pr. Exp	.0000							
			Malp.	.0000							
			Prof.	.0000							
			Tech.	.0000							
73222	MRI UPPER EXT W	73222	Work	.0000	1	1,670.00					
			Pr. Exp	.0000							
			Malp.	.0000							
			Prof.	.0000							
			Tech.	.0000							
7322226	MRI UPPER EXT W	73222	Work	.0000	1	235.00					
			Pr. Exp	.0000							
			Malp.	.0000							
			Prof.	.0000							
			Tech.	.0000							
73222TC	MRI UPPER EXT W	73222	Work	.0000	1	1,435.00					
			Pr. Exp	.0000							
			Malp.	.0000							
			Prof.	.0000							
			Tech.	.0000							
73223	MRI, UP EXTREM	73223	Work	.0000	1	1,285.00					
			Pr. Exp	.0000							
			Malp.	.0000							
			Prof.	.0000							
			Tech.	.0000							
7322326	MRI, UP EXTREM	73223	Work	.0000	1	314.00					

PROC#/NAME	SHORT NAME	CODES	RBRVS	SLOT#	FEE	SLOT#	FEE	SLOT#	FEE	SLOT#	FEE
			Pr. Exp	.0000							
			Malp.	.0000							
			Prof.	.0000							
			Tech.	.0000							
7322327	MRI, UP EXTREM	73223	Work	.0000	1	970.00					
			Pr. Exp	.0000							
			Malp.	.0000							
			Prof.	.0000							
			Tech.	.0000							
73223TC	MRI, UP EXTREM	73223	Work	.0000	1	975.00					
			Pr. Exp	.0000							
			Malp.	.0000							
			Prof.	.0000							
			Tech.	.0000							
73718	MRI LOWER EXT W	73718	Work	.0000	1	1,626.00					
			Pr. Exp	.0000							
			Malp.	.0000							
			Prof.	.0000							
			Tech.	.0000							
7371826	MRI UPPER EXT W	73718	Work	.0000	1	196.00					
			Pr. Exp	.0000							
			Malp.	.0000							
			Prof.	.0000							
			Tech.	.0000							
73718TC	MRI UPPER EXT W	73718	Work	.0000	1	1,430.00					
			Pr. Exp	.0000							
			Malp.	.0000							
			Prof.	.0000							
			Tech.	.0000							
73720	MRI LOWER EXT W	73720	Work	.0000	1	1,626.00					
			Pr. Exp	.0000							
			Malp.	.0000							
			Prof.	.0000							
			Tech.	.0000							
7372026	MRI LOWER EXT W	73720	Work	.0000	1	314.00					
			Pr. Exp	.0000							
			Malp.	.0000							
			Prof.	.0000							
			Tech.	.0000							
73720TC	MRI LOWER EXT W	73720	Work	.0000	1	1,312.00					
			Pr. Exp	.0000							
			Malp.	.0000							
			Prof.	.0000							
			Tech.	.0000							
73721	MRI JOINT LOW E	73721	Work	.0000	1	1,626.00					
			Pr. Exp	.0000							
			Malp.	.0000							
			Prof.	.0000							
			Tech.	.0000							
7372126	MRI JOINT LOW E	73721	Work	.0000	1	198.00					
			Pr. Exp	.0000							
			Malp.	.0000							
			Prof.	.0000							
			Tech.	.0000							
73721TC	MRI JOINT LOW E	73721	Work	.0000	1	1,428.00					
			Pr. Exp	.0000							
			Malp.	.0000							
			Prof.	.0000							
			Tech.	.0000							
73722	MRI LOW	73722	Work	.0000	1	1,626.00					
			Pr. Exp	.0000							
			Malp.	.0000							
			Prof.	.0000							
			Tech.	.0000							
7372226	MRI LOW EXT WIT	73722	Work	.0000	1	238.00					
			Pr. Exp	.0000							
			Malp.	.0000							
			Prof.	.0000							
			Tech.	.0000							
73722TC	MRI LOW EXT WIT	73722	Work	.0000	1	1,388.00					
			Pr. Exp	.0000							
			Malp.	.0000							
			Prof.	.0000							
			Tech.	.0000							
73723	MRI JOINT LOW E	73723	Work	.0000	1	2,148.00					
			Pr. Exp	.0000							
			Malp.	.0000							
			Prof.	.0000							
			Tech.	.0000							
73723TC	MRI JOINT LOW E	73723	Work	.0000	1	1,834.00					
			Pr. Exp	.0000							
			Malp.	.0000							
			Prof.	.0000							
			Tech.	.0000							

Section C – General Criteria for Certificate - Economic Feasibility – Item # 10
(2014 YE Unaudited Financial Statements; 8/31/15 YTD Unaudited Financial Statements)

Tennessee Orthopedics, PC
Balance Sheet
December 31, 2014

ASSETS

Current Assets		
Cash - First Tennessee	\$ 38,731.60	
Cash - Wilson Bank	(19,015.52)	
Pinnacle Checking	3,351.60	
RMA Escrow	19,854.80	
N/R TOPS Partnership	2,375.23	
	<hr/>	
Total Current Assets		45,297.71
Property and Equipment		
Medical Equipment - ANC	528,882.40	
Medical Equipment - PHT	175,743.40	
Medical Equipment	130,165.37	
Office Equipment	341,538.13	
Furniture & Fixtures	67,463.29	
Accumulated Depreciation - ANC	(528,882.00)	
Accumulated Depreciation - PHT	(175,744.00)	
Accumulated Depreciation	(474,323.39)	
	<hr/>	
Total Property and Equipment		64,843.20
Other Assets		
	<hr/>	
Total Other Assets		0.00
		<hr/>
Total Assets	\$	<u>110,140.91</u>

LIABILITIES AND CAPITAL

Current Liabilities		
Shareholder Loan	\$ (103.39)	
	<hr/>	
Total Current Liabilities		(103.39)
Long-Term Liabilities		
Line of Credit - Pinnacle	52,000.00	
Equipment Lease	12,616.42	
Equipment Lease	51,021.31	
	<hr/>	
Total Long-Term Liabilities		115,637.73
		<hr/>
Total Liabilities		115,534.34
Capital		
Retained Earnings	6,431.75	
Common Stock	8,000.00	
Net Income	(19,825.18)	
	<hr/>	
Total Capital		(5,393.43)
		<hr/>
Total Liabilities & Capital	\$	<u>110,140.91</u>

Tennessee Orthopedics, PC
Income Statement
For the Twelve Months Ending December 31, 2014

	Current Month		Year to Date	
Revenues				
Fees	\$ 289,028.79	108.19	\$ 2,873,521.30	102.66
Other Income	0.00	0.00	77,311.24	2.76
Refunds	(814.10)	(0.30)	(59,415.18)	(2.12)
Rental Income	500.00	0.19	6,500.00	0.23
Total Revenues	288,714.69	108.07	2,897,917.36	103.53
Expenses				
Automobile Expense	741.99	0.28	4,334.61	0.15
Bank Service Charges	416.97	0.16	8,267.70	0.30
Billing & Collection	0.00	0.00	13,784.61	0.49
Contract Labor	2,591.19	0.97	25,254.64	0.90
Contracted Services	7,975.52	2.99	68,695.06	2.45
Dues & Subscriptions	0.00	0.00	2,847.95	0.10
Equipment Lease	15,960.34	5.97	136,699.90	4.88
Gifts & Flowers	0.00	0.00	2,045.44	0.07
Insurance - Staff	(6,250.85)	(2.34)	11,578.45	0.41
Interest Expense	687.09	0.26	6,857.99	0.25
Laundry	157.50	0.06	2,048.08	0.07
License & Permits	303.80	0.11	3,884.80	0.14
Malpractice Insurance	0.00	0.00	30,701.84	1.10
Marketing Expense	2,626.00	0.98	11,038.47	0.39
Medical Waste	259.49	0.10	2,594.90	0.09
Miscellaneous	12,903.54	4.83	536,270.19	19.16
Miscellaneous	11,760.00	4.40	23,520.00	0.84
Office Expense	9,220.96	3.45	103,538.23	3.70
Payroll Fees	282.12	0.11	282.12	0.01
Payroll - Staff Compensation	93,912.52	35.15	716,270.48	25.59
Postage & Delivery	58.49	0.02	7,211.14	0.26
Printing & Reproduction	274.22	0.10	5,005.37	0.18
Professional Fees - Accounting	0.00	0.00	8,410.00	0.30
Professional Fees - Legal	2,719.60	1.02	10,135.94	0.36
Rent	18,916.17	7.08	239,231.94	8.55
Repairs	289.47	0.11	3,822.82	0.14
Service Agreement	8,608.73	3.22	101,699.48	3.63
Supplies - Ancillary	0.00	0.00	772.13	0.03
Supplies - Drugs & Injections	7,500.00	2.81	59,408.56	2.12
Supplies - Medical	3,138.98	1.17	19,170.39	0.68
Supplies - Office	3,491.50	1.31	12,639.05	0.45
Supplies - Other	132.11	0.05	18,478.07	0.66
Taxes - Personal Property	7,848.00	2.94	17,233.00	0.62
Taxes - Real Estate	0.00	0.00	7,918.00	0.28
Taxes - Staff Payroll	4,120.72	1.54	45,236.43	1.62
Taxes - State	0.00	0.00	9,784.00	0.35
Telephone - Answering Service	324.50	0.12	4,219.28	0.15
Telephone - Mobile	466.55	0.17	3,307.01	0.12
Telephone Service	1,454.22	0.54	17,960.14	0.64
Travel - CME	0.00	0.00	7,059.12	0.25
Utilities	2,058.69	0.77	29,016.74	1.04
Total Expenses	214,950.13	80.46	2,338,234.07	83.54
Net Income Before Physician Comp & O	\$ 73,764.56	27.61	\$ 559,683.29	20.00
Physician's Compensation				
Disability Ins - Physician	\$ 0.00	0.00	\$ 2,548.27	0.09
Health Insurance - Physician	(1,644.78)	(0.62)	781.09	0.03
Payroll - Physician Salary	39,800.65	14.90	510,094.96	18.22

For Management Purposes Only

Tennessee Orthopedics, PC
Income Statement
For the Twelve Months Ending December 31, 2014

	Current Month		Year to Date	
Payroll Taxes - Physician	756.68	0.28	16,452.15	0.59
Total Physician's Compensation	\$ 38,912.55	14.57	\$ 529,876.47	18.93
Net Income Before Other Income & Exp	\$ 34,852.01	13.05	\$ 29,806.82	1.06
Other Income & Expenses				
Depreciation	\$ 4,320.11	1.62	\$ 49,632.00	1.77
Total Other Income & Expenses	4,320.11	1.62	49,632.00	1.77
Total	\$ 30,531.90	11.43	\$ (19,825.18)	(0.71)

Tennessee Orthopedics, PC 2015
Balance Sheet
August 31, 2015

ASSETS

Current Assets		
Cash - First Tennessee	\$	31,252.23
Cash - Wilson Bank		(96,778.80)
Cash - Pinnacle Bank Checking		22,445.39
RMA Escrow Account		19,854.80
A/R-Neely/Cornelius (Meaningfu		11,973.60
Employee Loan		12,000.00
		<hr/>
Total Current Assets		747.22
Property and Equipment		
Medical Equipment - ANC		528,882.40
Medical Equipment - Gallatin		28,480.21
Medical Equipment - IRG		175,743.40
Leasehold Improvements		31,698.84
Medical Equipment		130,165.37
Office Equipment		342,977.18
Furniture & Fixtures		67,463.29
Accumulated Depreciation - ANC		(528,882.00)
Accumulated Depreciation - IRG		(175,744.00)
Accumulated Depreciation		(496,100.18)
		<hr/>
Total Property and Equipment		104,684.51
Other Assets		
		<hr/>
Total Other Assets		0.00
		<hr/>
Total Assets	\$	<u>105,431.73</u>

LIABILITIES AND CAPITAL

Current Liabilities		
Shareholder Loan	\$	(10,831.80)
		<hr/>
Total Current Liabilities		(10,831.80)
Long-Term Liabilities		
Line of Credit - Pinnacle		134,374.00
Equipment Lease		5,922.95
Equipment Lease		30,928.16
		<hr/>
Total Long-Term Liabilities		171,225.11
		<hr/>
Total Liabilities		160,393.31
Capital		
Retained Earnings		(13,393.43)
Common Stock		8,000.00
Net Income		(49,568.15)
		<hr/>
Total Capital		(54,961.58)
		<hr/>
Total Liabilities & Capital	\$	<u>105,431.73</u>

Tennessee Orthopedics, PC 2015
Total
Income Statement
For the Eight Months Ending August 31, 2015

	Current Month		Year to Date	
Revenues				
Fees	\$ 24,425.54	9.13	\$ 194,833.58	10.06
Fees	57,207.69	21.39	411,480.59	21.24
Fees	10.00	0.00	797.73	0.04
Fees for Beau	0.00	0.00	56,072.86	2.89
Fees	9,524.50	3.56	30,223.50	1.56
Fees	30,474.20	11.40	319,012.59	16.46
Fees	10.00	0.00	2,623.73	0.14
Fees	123,996.41	46.37	802,654.34	41.42
Fees	25.00	0.01	541.69	0.03
Fees	23,461.73	8.77	97,229.38	5.02
Fees for Greg	158.48	0.06	21,964.58	1.13
Fees	0.00	0.00	360.00	0.02
Other Income	0.00	0.00	1,537.12	0.08
Other Income	0.00	0.00	352.77	0.02
Refunds	0.00	0.00	(200.00)	(0.01)
Refunds	0.00	0.00	(873.57)	(0.05)
Refunds	0.00	0.00	(101.35)	(0.01)
Refunds	0.00	0.00	41.71	0.00
Refunds	(2,550.50)	(0.95)	(4,787.07)	(0.25)
Refunds	0.00	0.00	65.12	0.00
Refunds	0.00	0.00	(323.40)	(0.02)
Returned Checks	0.00	0.00	(56.94)	0.00
Returned Checks	0.00	0.00	(66.94)	0.00
Rental Income	0.00	0.00	1,500.00	0.08
Rental Income	668.99	0.25	2,796.49	0.14
Total Revenues	267,412.04	100.00	1,937,678.51	100.00
Cost of Sales				
Total Cost of Sales	0.00	0.00	0.00	0.00
Gross Profit	267,412.04	100.00	1,937,678.51	100.00
Expenses				
Accounting Fees	3,800.00	1.42	14,295.00	0.74
Automobile Expenses	137.50	0.05	1,025.16	0.05
Automobile Expenses	576.42	0.22	2,383.05	0.12
Bank Service Charges	0.00	0.00	359.13	0.02
Bank Service Charges	0.00	0.00	1,432.48	0.07
Bank Service Charge	0.00	0.00	14.00	0.00
Billing & Collections	0.00	0.00	252.10	0.01
Billing & Collections	0.00	0.00	34.18	0.00
Billing & Collections	0.00	0.00	315.29	0.02
Billing & Collections	0.00	0.00	759.00	0.04
Billing & Collections	9,311.97	3.48	31,135.41	1.61
Billing & Collections	0.00	0.00	183.89	0.01
Computer Repair & Svs.	0.00	0.00	1,908.13	0.10
Computer Repair & Svs.	0.00	0.00	845.30	0.04
Computer Repair & Svs.	1,221.57	0.46	7,471.82	0.39
Contract Labor	0.00	0.00	269.01	0.01
Contract Labor	0.00	0.00	5,604.50	0.29
Contract Labor	0.00	0.00	250.00	0.01
Contract Labor	0.00	0.00	3,575.75	0.18
Contract Labor	1,817.50	0.68	10,266.40	0.53
Contracted Services	0.00	0.00	200.61	0.01

For Management Purposes Only

Tennessee Orthopedics, PC 2015
Total
Income Statement
For the Eight Months Ending August 31, 2015

	Current Month		Year to Date	
Contracted Services	216.24	0.08	757.90	0.04
Contracted Services	5,002.04	1.87	26,890.98	1.39
Credit Card Fees	0.00	0.00	122.21	0.01
Credit Card Fees	0.00	0.00	565.67	0.03
Credit Card Fees	95.38	0.04	1,362.64	0.07
Dues & Subscriptions	0.00	0.00	75.00	0.00
Dues and Subscriptions	0.00	0.00	84.00	0.00
Dues & Subscriptions	235.00	0.09	815.82	0.04
Dues & Subscriptions	149.23	0.06	2,097.23	0.11
Equipment Lease	34,432.01	12.88	145,239.47	7.50
Equipment Lease	0.00	0.00	310.60	0.02
Flowers & Gifts	0.00	0.00	165.18	0.01
Flowers & Gifts	0.00	0.00	125.15	0.01
Housekeeping/Maintenance	20.00	0.01	320.00	0.02
Housekeeping/Maintenance	162.78	0.06	334.30	0.02
Housekeeping/Maintenance	0.00	0.00	3,048.00	0.16
Insurance - General Liability	472.50	0.18	3,258.00	0.17
Insurance - Staff	(59.60)	(0.02)	(454.47)	(0.02)
Insurance - Staff	127.36	0.05	1,640.36	0.08
Insurance - Staff	(122.04)	(0.05)	(518.86)	(0.03)
Insurance - Staff	222.70	0.08	(1,604.60)	(0.08)
Insurance - Staff	0.00	0.00	266.40	0.01
Insurance - Work Comp	114.50	0.04	1,846.50	0.10
Interest Expense	0.00	0.00	370.81	0.02
Interest Expense	1,015.00	0.38	8,690.85	0.45
Laundry	210.35	0.08	220.67	0.01
Laundry	140.74	0.05	140.74	0.01
Laundry	103.95	0.04	1,684.62	0.09
Legal Fees	925.00	0.35	925.00	0.05
Legal Fees	0.00	0.00	616.00	0.03
Legal Fees	2,035.00	0.76	6,860.80	0.35
Legal Fees	11,680.69	4.37	38,352.12	1.98
Licenses & Permits	0.00	0.00	69.04	0.00
Licenses & Permits	0.00	0.00	50.00	0.00
Licences & Permits	0.00	0.00	285.00	0.01
Licenses & Permits	0.00	0.00	1,888.42	0.10
Licenses & Permits	235.00	0.09	235.00	0.01
Marketing	235.00	0.09	2,235.00	0.12
Marketing	83.16	0.03	665.28	0.03
Marketing	546.84	0.20	5,852.17	0.30
Meals & Entertainment	142.98	0.05	576.39	0.03
Meals and Entertainment	0.00	0.00	50.92	0.00
Medical Waste	0.00	0.00	13.33	0.00
Medical Waste	797.31	0.30	2,445.33	0.13
Office Expense	0.00	0.00	84.10	0.00
Office Expense	69.00	0.03	1,437.12	0.07
Office Expense	0.00	0.00	207.05	0.01
Office Expense	73.50	0.03	1,137.91	0.06
Payroll Fees	587.66	0.22	2,936.49	0.15
Payroll - Staff Compensation	4,747.42	1.78	38,431.56	1.98
Payroll - Staff Compensation	30,018.55	11.23	162,145.00	8.37
Payroll - Staff Compensation	5,337.57	2.00	26,215.60	1.35
Payroll - Staff Compensation	1,923.08	0.72	5,769.24	0.30
Payroll - Staff Compensation	22,640.86	8.47	264,872.76	13.67
Payroll - Staff Compensation	9,583.34	3.58	81,458.41	4.20
Postage & Delivery	0.00	0.00	84.17	0.00
Postage & Delivery	48.99	0.02	48.99	0.00
Postage & Delivery	28.86	0.01	1,038.01	0.05

For Management Purposes Only

Tennessee Orthopedics, PC 2015
Total
Income Statement
For the Eight Months Ending August 31, 2015

	Current Month		Year to Date	
Printing & Reproduction	0.00	0.00	264.44	0.01
Printing & Reproduction	0.00	0.00	207.75	0.01
Printing & Reproduction	0.00	0.00	921.47	0.05
Printing & Reproduction	482.07	0.18	2,019.95	0.10
Rent	2,250.00	0.84	18,220.00	0.94
Rent	0.00	0.00	640.00	0.03
Rent	2,921.52	1.09	33,195.16	1.71
Rent	855.15	0.32	2,565.45	0.13
Rent	800.00	0.30	2,400.00	0.12
Rent	19,135.29	7.16	102,480.46	5.29
Repairs	0.00	0.00	279.69	0.01
Repairs	0.00	0.00	400.00	0.02
Repairs	0.00	0.00	8,638.57	0.45
Repairs	0.00	0.00	5,661.55	0.29
Service Contract - Equipment	9,023.71	3.37	67,761.11	3.50
Service Contract - Equipment	0.00	0.00	1,523.15	0.08
Service Contract - Equipment	1,458.75	0.55	1,850.25	0.10
Supplies - Drugs & Injections	0.00	0.00	5,250.00	0.27
Supplies - Drugs and Injection	4,137.92	1.55	4,844.39	0.25
Supplies - Drugs & Injections	14,000.00	5.24	57,167.00	2.95
Supplies - Medical	796.40	0.30	1,513.07	0.08
Medical Supplies	0.00	0.00	107.60	0.01
Supplies - Medical	0.00	0.00	46.15	0.00
Supplies - Medical	6,010.73	2.25	26,587.26	1.37
Supplies - Office	0.00	0.00	144.16	0.01
Office Supplies	0.00	0.00	1,890.24	0.10
Supplies - Office	774.75	0.29	9,245.48	0.48
Supplies - Other	6.51	0.00	6.51	0.00
Supplies - Other	2.79	0.00	2.79	0.00
Supplies - Other	21.70	0.01	1,149.13	0.06
Taxes - Franchise & Excise	0.00	0.00	2,600.00	0.13
Taxes - Personal Property	0.00	0.00	1,678.96	0.09
Taxes - Staff Payroll	362.97	0.14	2,968.83	0.15
Taxes - Staff Payroll	605.72	0.23	9,906.50	0.51
Taxes - Staff Payroll	398.76	0.15	1,970.65	0.10
Taxes - Staff Payroll	162.50	0.06	487.50	0.03
Taxes - Staff Payroll	2,310.71	0.86	22,653.26	1.17
Taxes - Staff Payroll	733.12	0.27	6,294.40	0.32
Telephone/Internet/TV	524.54	0.20	2,596.04	0.13
Telephone/Internet/TV	1,525.62	0.57	5,351.46	0.28
Telephone/Internet/TV	1,921.66	0.72	15,470.51	0.80
Tier II Expenses	20,258.00	7.58	277,031.00	14.30
Transcription	177.92	0.07	177.92	0.01
Transcription	120.33	0.04	528.96	0.03
Transcription	0.00	0.00	789.84	0.04
Travel CME	0.00	0.00	1,500.00	0.08
Travel - CME	0.00	0.00	7,336.14	0.38
Travel - CME	0.00	0.00	295.00	0.02
Utilities	1,426.74	0.53	11,009.61	0.57
Utilities	784.42	0.29	2,829.97	0.15
Utilities	79.82	0.03	5,188.58	0.27
Utilities	1,414.42	0.53	1,414.42	0.07
Disability Ins - Mid-level	48.72	0.02	638.72	0.03
Disability Ins - Staff	0.00	0.00	57.82	0.00
Disability Ins - Physician	377.44	0.14	2,076.30	0.11
Disability Ins - Mid-level	0.00	0.00	1,427.34	0.07
Health Ins - Physician	(36.23)	(0.01)	3,378.47	0.17
Payroll - Phy Salary	21,117.69	7.90	281,519.17	14.53

For Management Purposes Only

Tennessee Orthopedics, PC 2015
Total
Income Statement
For the Eight Months Ending August 31, 2015

	Current Month		Year to Date	
Payroll Taxes - Physician	380.22	0.14	11,888.13	0.61
Depreciation	2,603.20	0.97	21,776.79	1.12
Ancillary Bonus Allocated	0.00	0.00	(49,399.25)	(2.55)
Ancillary Bonus Allocated	0.00	0.00	49,399.25	2.55
Total Expenses	271,118.49	101.39	1,987,246.66	102.56
Net Income	\$ (3,706.45)	(1.39)	\$ (49,568.15)	(2.56)



79
GRIFFIN
LAW OFFICE

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October 26, 2015

Reply to: Christi D. Griffin, Esq.
christi.griffin@griffinlawtn.com

HAND-DELIVERY

Mr. Phillip Earhart
HSD Examiner
State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: Certificate of Need Application CN1510-041
Tennessee Orthopedics, P.C. – Relocation of an MRI
Applicant's Response to Request for Supplemental Information

Dear Mr. Earhart,

Please accept this filing as the response to your request for supplemental information on the above-captioned CON application filed by Tennessee Orthopedics, P.C. The signed and notarized affidavit supporting this response to request for supplemental information follows this cover letter, followed by the response to each supplemental question. Please do not hesitate to contact me should you have questions or require additional information.

Sincerely,


Christi D. Griffin

Supplemental #1 -COPY-

Tennessee Orthopedics,
PC

CN1510-041



October 26, 2015

3:47 pm

October 26, 2015

Reply to: Christi D. Griffin, Esq.
christi.griffin@griffinlawtn.com**HAND-DELIVERY**

Mr. Phillip Earhart
HSD Examiner
State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
500 Deaderick Street
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Sincerely,

Christi D. Griffin
Christi D. Griffin

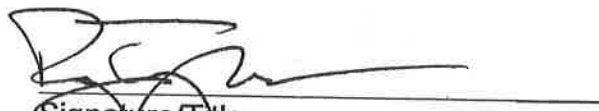
October 26, 2015**3:47 pm****AFFIDAVIT**

STATE OF TENNESSEE

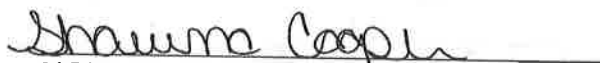
COUNTY OF WILSON

NAME OF FACILITY: TENNESSEE ORTHOPEDICS, P.C.

I, ROY C. TERRY, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.


Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 24 day of October, 2015,
witness my hand at office in the County of Wilson, State of Tennessee.


NOTARY PUBLIC

My commission expires 03/04/2019.

HF-0043

Revised 7/02



October 26, 2015**3:47 pm****1. Section A. Item 1.**

The zip code of 37090 is noted as the proposed new MRI location. However, the lease states the zip code is 37087. Please clarify, and if necessary provide a corrected copy of the first page of the application.

RESPONSE:

37090 is the correct zip code. A copy of the corrected lease agreement for the MRI suite is attached hereto at Supp. Attachment, Section A - Applicant Profile - Item # 6 provides a corrected copy of the lease agreement.

October 26, 2015**3:47 pm****2. Section A, Applicant Profile, Item 1**

Please provide a brief summary of each of the following: 1) Ownership structure, 2) Service area, 3) Existing resources, 4) Project Costs, 5) Financial Feasibility, and 6) Staffing.

RESPONSE:

Ownership Structure: Tennessee Orthopedics, P.C. ("Applicant") is 100% owned by Roy C. Terry, M.D., and is a stand-alone professional corporation without subsidiary or parent organizations.

Service Area: Applicant's geographic service area includes Wilson, Smith, Macon, Sumner and Trousdale counties, with 89.1% of Applicant's patients originating in these five counties. Wilson County is Applicant's primary service area, with 39.56% of Applicant's patients originating in Wilson County. In addition to Applicant's main office located in Wilson County (Lebanon), Applicant maintains a second Wilson County office in Mount Juliet, and satellite medical offices in Sumner (Gallatin), Macon (LaFayette) and Smith (Carthage) Counties.

Existing Resources: The existing clinic location of 1616 West Main Street, Lebanon, Tennessee 37087 is a leased premises in need of substantial renovation that is too small to accommodate Applicant's short-term or long-term practice expansion goals. Applicant is relocating to a new strategically located medical office building located at 101 Physicians Way, Lebanon, Tennessee. The new medical office building will be leased from Phoenix Medical Office Building, LLC.

The existing MRI unit is a 2011 Signa HDe 1.5T 8-channel MR System leased from GE Healthcare. The lease on the 2011 Signa expires in December 2016, at which time Applicant would need to acquire newer technology. Rather than relocate the existing MRI to the new location for the less than one-year that will remain on the equipment lease term as of the relocation date of February 1, 2016, it is more cost effective for Applicant to upgrade to a new unit to be operational on the relocation date. Applicant is upgrading to a new GE Optima MR450w 1.5T MR System-MSK with Flex Arrays because the new Optima has a state-of-the art wide 70 cm bore to accommodate patients with a body habitus up to 500 pounds and because leasing the new MRI is more cost effective than retaining and relocating the 2011 Signa unit.

Project Costs: The total project cost, exclusive of the CON filing fee, is \$2,465,649.72. The break down of costs is as follows:

- \$1,210,156.70 for 7-year capital equipment lease for the Optima MRI unit.
- \$692,454.00 for 7-year service agreement commencing the second year of the capital equipment lease.
- \$84,678.86 for estimated 7% sales tax.
- \$463,360.16 for 8-year facility lease (includes MRI suite build-out and MRI shielding costs.)
- \$15,000.00 legal, administrative and consulting expense.

Financial Feasibility: The relocation and upgrade of Applicant's MRI is financially feasible for several reasons. First, Applicant is currently paying monthly rent to lease the facility and the current Signa MRI. Each of these lease obligations will terminate as of January 31, 2016, and will be replaced with the facility rent and new Optima MRI lease obligations that will commence on February 1, 2016. The existing lease obligations will be replaced with the new lease obligations and paid from current cash flows. Second,

October 26, 2015**3:47 pm**

Applicant has begun to execute on its strategic plan to grow the practice through the addition of new physician and non-physician providers, which will result in increased MRI utilization and revenues to more than cover the MRI operational expenses. Third, Applicant has immediate access to a \$250,000 commercial line of credit to assist with cash flow shortages from time to time, such as temporary shortages caused by outstanding accounts receivable.

Staffing: Staffing requirements for the MRI unit operating Monday through Thursday and Friday as needed is one certified MRI technologist. Applicant currently employs one MRI technologist who will relocate to the new medical office and continue in the same role. Applicant's MRI technologist is paid \$34/hour, which annualizes to \$70,720 based on a full-time 40-hour workweek and is above the prevailing wage of \$68,000 annually in Lebanon, Tennessee. Applicant does not anticipate making any changes to MRI staffing or wages, except as may be required by increased volume or market-based wage patterns. Should it become necessary to hire additional MRI technologists, Lebanon is a sophisticated health care community with a ready supply of trained and competent providers, including trained MRI technologist.

October 26, 2015**3:47 pm****3. Section C. Need, Item 1 and II.C**

It is noted the new proposed MRI unit will accommodate patients weighing up to 500 lbs. What patient weight capacity does the current MRI accommodate? How many patients are referred to other providers because the current MRI cannot accommodate due to weight restrictions?

RESPONSE:

The current Signa scanner accommodates patients weighing up to 300 pounds. Based on the most recent four months of patient records, an estimated 6 to 8 patients are referred to Nashville each month. The reasons for the referrals are that the patient exceeds the 300-pound weight capacity for the current scanner, or the patient is a larger patient who cannot fit comfortably inside the scanner and is claustrophobic. In addition, an estimated 3-4 patients per month who do not fit comfortably inside the scanner choose to be sedated instead of being referred to Nashville. With the new Optima wide bore scanner, these patients will be able to fit comfortably without sedation.

October 26, 2015**3:47 pm****4. Section C, Need Item 1**

Please discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan."

RESPONSE:

Principle No. 1: Healthy Lives: As compared to other medical specialties, a greater number of orthopedic patients present with physical injuries and conditions for which a quality MRI scan is medically indicated for prompt and appropriate diagnosis and treatment. Applicant's in-office MRI enables patients to receive an MRI scan in the same location where they receive physician services. Applicant's patients do not have to schedule with a third-party provider and do not have to travel to another location. Applicant's patients can receive an MRI scan the same day that it is ordered, and hence receive medical diagnosis and treatment more rapidly than if they were required to go out-of-office for the scan. Ease of access, prompt scheduling, and rapid intervention all contribute to healthy lives.

Principle No. 2: Access to Care: Applicant has provided physician office MRI services to its patients since 2004. Applicant seeks only to relocate the existing CON and to upgrade the MRI scanner. Applicant does not seek to add MRI services to the county. Applicant is an orthopedic surgery practice whose patients have physical injuries/conditions for which MRI is medically indicated. Many of Applicant's patients have mobility limitations due to the nature of their physical injury or condition, and they may have great difficulty getting in and out of a passenger vehicle and ambulating distances to a diagnostic center. Applicant's ability to continue to provide in-office MRI services to its patients will enable Applicant's patients to continue to have convenient access to MRI services in the same location where they receive physician services. Similarly, the upgrade of Applicant's MRI unit provides Applicant's patients with access to a higher standard of care because the new MRI unit is the newest technology and can accommodate patients who cannot be accommodated with the current 2011 scanner.

Principle No. 3: Economic Efficiencies: The relocation and upgrade of Applicant's MRI will allow Applicant's patients to continue to receive MRI scans in the same location that they come for office visits. Based on 2014 charge data reported in the MRI Utilization Report, as of 8/10/15, published by the Health Services and Development Agency, Applicant's average gross charge per MRI of \$1,529.76 is the lowest of any other MRI provider in Wilson County.

Principle No. 4: Quality of Care: Applicant's request to relocate and upgrade its MRI unit will enable Applicant to continue to provide MRI services to its patients. The upgraded MRI unit is state-of-the-art, and includes a 70 cm wide bore that will accommodate patients up to 500 pounds. This will be the only 70 cm wide bore unit in Applicant's geographic service area. Applicant's patients with physical limitations who previously

October 26, 2015**3:47 pm**

had to travel outside of the service area for an MRI will now be able to remain in Wilson County for their MRI.

Principle No. 5: Healthcare Workforce: Wilson County is designated by the U.S. Department of Health and Human Services, Health Resources and Administration Agency, as a medically underserved area. Relocating and upgrading Applicant's existing MRI will enable Wilson County residents who are Applicant's patients to continue to receive sophisticated MRI imaging in Wilson County. Applicant's patients will not have to travel out-of-county to receive imaging services. Further, the 70 cm wide bore of the upgraded Optima MRI will provide enhanced imaging quality and capabilities not currently available in Wilson County. Furthermore, Applicant is presently engaged in the recruitment of board certified or board eligible orthopedic surgeons to join Applicant's orthopedic surgery practice. One recruit has executed an agreement to commence employment September 1, 2016. Applicant anticipates contracting with another highly qualified orthopedic surgeon to commence employment by June 2017. The addition of two physician providers will necessarily result in the recruitment of additional non-physician practitioners to support Applicant's practice in Wilson County, Tennessee. The addition of new physician and non-physician staff will improve the health care access for residents of applicant's five-county service area.

October 26, 2015**3:47 pm****5. Section C. (Need) Item 4 (Population Demographics)**

Your response to this item is noted. Using population data from the Department of Health, enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, please complete the following table and include data for each county in your proposed service area.

RESPONSE:

Variable	Wilson	Sumner	Macon	Smith	Trousdale	Service Area	Tennessee
Current Year (CY), Age 65+*	17,944	25,164	3,647	3,018	1,233	51,006	981,984
Projected Year (PY), Age 65+*	21,745	29,697	4,132	3,398	1,399	60,371	1,102,413
Age 65+, % Change	21.2%	18.0%	13.3%	12.6%	13.5%	18.4%	12.3%
Age 65+, % Total (PY)	16.3%	16.2%	17.1%	16.8%	16.3%	16.3%	16.1%
CY, Total Population*	124,073	172,262	23,188	19,618	8,167	347,308	6,588,698
PY, Total Population*	133,357	183,406	24,121	20,281	8,582	369,747	6,833,509
Total Pop. % Change	7.5%	6.5%	4.0%	3.4%	5.1%	6.4%	3.7%
TennCare Enrollees**	14,604	23,117	5,722	3,818	1,652	48,913	1,220,364
TennCare Enrollees as a % of Total Population	12.3%	13.9%	25.4%	20.0%	21.2%	14.0%	19.0%
Median Age***	39.5	39.1	38.9	40.7	37.8	39.2	38.6
Median Household Income***	\$60,390	\$55,509	\$35,306	\$42,383	\$44,298	\$47,577	\$44,361
Population % Below Poverty Level***	10.2%	10.4%	21.2%	19.4%	17.6%	11.1%	18.3%

Sources:

*Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Statistics, Population Estimate 2014 (CY) and Population Estimate 2018 (PY).

**Tennessee Division of Health Care Finance & Administration, TennCare Fiscal Year 2011-2012 Annual Report

***Tennessee QuickFacts from the U.S. Census Bureau, <http://quickfacts.census.gov/qfd/states>

October 26, 2015**3:47 pm****6. Section C. (Need) Item 5**

The MRI 3 year trend utilization chart for Wilson County on page 17 is noted. Please revise and include Macon, Smith, Sumner, and Trousdale Counties.

RESPONSE: The MRI Utilization Report, dated as of August 10, 2015 and published by the Tennessee Health Services and Development Agency, shows the following 2012-2014 utilization for the MRI units located in Applicant's geographic service area. The data depicted below includes patients originating from within and outside of Tennessee:

WILSON COUNTY

MRI Provider	Distance from Applicant	Facility Type	2012 Total MRI Procedures	2013 Total MRI Procedures	2014 Total MRI Procedures	% Change '12-'14
Tennessee Orthopedics (Applicant)	N/A	PO	1197	1196	909	-24.06%
Premier Radiology-Mt. Juliet	11.69 mi.	ODC	2559	2562	3191	24.7%
Tennessee Sports Medicine	4.01 mi.	PO	1125	1801	1501	33.42%
University Med. Ctr.	3.80 mi.	HOSP	3000	2213	2472	-17.6%

SMITH COUNTY

MRI Provider	Distance from Applicant	Facility Type	2012 Total MRI Procedures	2013 Total MRI Procedures	2014 Total MRI Procedures	% Change '12-'14
Riverview Med. Ctr.	29.5 ml.	HOSP	619	613	669	8.08%

MACON COUNTY

MRI Provider	Distance from Applicant	Facility Type	2012 Total MRI Procedures	2013 Total MRI Procedures	2014 Total MRI Procedures	% Change '12-'14
Macon Co. Gen. Hosp.	37.6 mi.	HOSP	793	480	542	-31.65%

October 26, 2015**3:47 pm****SUMNER COUNTY**

MRI Provider	Distance from Applicant	Facility Type	2012 Total MRI Procedures	2013 Total MRI Procedures	2014 Total MRI Procedures	% Change '12-'14
Diagnostic Ctr. at Sumner Station	20.4 mi.	H-Imaging	1707	1948	2106	23.37%
Outpatient Imaging Ctr. at Hendersonville Med. Ctr.	31.4 mi.	HODC	2116	1670	1669	-21.12%
Portland Diagnostic Ctr.	33.8 mi.	H-Imaging	247	289	312	26.32%
Southern Sports Med. Inst., PLLC	20.4 mi.	PO	720	723	638	-11.39%
Sumner Reg. Med. Ctr.	20.4 mi.	HOSP	2591	3064	3046	17.56%
TriStar Hendersonville Med. Ctr.	31.6 mi.	HOSP	2367	2565	2741	15.80%

TROUSDALE COUNTY – Not Applicable (N/A) – No MRI

October 26, 2015**3:47 pm****7. Section C. (Economic Feasibility) Item 1 (Project Cost Chart)**

• It is noted the applicant will finance the proposed project with cash reserves. The Tennessee Orthopedics, PC unaudited balance sheet ending August 31, 2015 indicates total current assets of \$747.22. ***Please clarify the amount of the proposed project that will be financed through cash reserves.*** If that amount is over \$747.22, please document other cash reserves to finance the proposed project.

RESPONSE:

Please see letter from Applicant's financial representative for this CON project, Anne Thompson of Ancillary Healthcare Consulting, attached hereto as Supp. Attachment, Section C – General Criteria for Certificate of Need - Economic Feasibility – Item # 10-A.

Please see also (1) Applicant's financial statements for month-ending 9/30/15, attached hereto as Supp. Attachment, Section C – General Criteria for Certificate of Need - Economic Feasibility – Item # 10-B; (2) Applicant's Accounts Receivable Aging Analysis as of 9/30/15, attached hereto as Supp. Attachment, Section C – General Criteria for Certificate of Need - Economic Feasibility – Item # 10-C; and (3) a letter from Pinnacle Bank confirming an existing commercial line of credit available to Applicant, attached hereto as Supp. Attachment, Section C – General Criteria for Certificate of Need - Economic Feasibility – Item # 10-D.

(Attachments 10-B through 10-D are duplicated in the exhibits to the Financial Representative letter attached as 10-A.)

7. Section C. (Economic Feasibility) Item 1 (Project Cost Chart) – CONTINUED

- As requested in the application, please provide documentation from the applicant's financial representative the availability of cash reserves to finance the proposed project.

RESPONSE:

Please see response to the immediately preceding question. Please see also Supp. Attachment, Section C – General Criteria for Certificate of Need - Economic Feasibility – Item # 10-A.

7. Section C. (Economic Feasibility) Item 1 (Project Cost Chart) – CONTINUED

- Please provide documentation from a financial institution of the availability of a \$250,000 commercial line of credit.

RESPONSE:

Please see letter from Pinnacle Bank confirming an existing commercial line of credit in the amount of \$250,000 available to Applicant, attached hereto as Supp. Attachment, Section C – General Criteria for Certificate of Need - Economic Feasibility – Item # 10-D. As of the date of this supplemental filing, the available balance is \$135,652.82.

October 26, 2015**3:47 pm****7. Section C. (Economic Feasibility) Item 1 (Project Cost Chart) – CONTINUED**

• Please provide the following documentation from a licensed construction industry professional (i.e., architect, builder, or engineer):

A) a description of the project,

B) his/her estimate of the cost to construct the project to provide a physical environment, according to applicable federal state and local construction codes, standards, specifications, and requirements and

C) attesting that the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements.

RESPONSE:

Supp. Attachment, Section C - General Criteria for Certificate of Need - Economic Feasibility - Item # 1 is a letter from David K. Pine, P.E., sole member of Evergreen Constructors, LLC, attesting to the matters listed above.

October 26, 2015**3:47 pm****8. Section C, Economic Feasibility, Item 4. (Historical and Projected Data Charts)**

In both the historical and Projected Data Charts please complete the following and resubmit:

- Under A. Utilization Data, the number of MRI procedures.
- The amount of Contractual adjustments, Provision for Charity Care, and Provisions for Bad Debt.
- If there are no capital expenditures, please place a zero in the Total Capital Expenditures columns.

RESPONSE:

The revised Historical and Projected Data Charts are attached hereto as Supp. Attachment, Section C – General Criteria for Certificate of Need – Economic Feasibility – Item # 4 (Revised Historical and Projected Data Charts).

October 26, 2015**3:47 pm****9. Section C, Economic Feasibility, Item 8**

Review of the Historical Data Chart and Applicant's Combined Financial Statements provided for question 10 of the Economic Feasibility section revealed unfavorable Net Operating Income (-\$110,907) and Current Ratio for 2014. Based on this performance, please comment on the applicant's ability to financially support the proposed MRI service should it perform below projected volumes and margins.

RESPONSE:

Please see letter from Applicant's financial representative for this CON project, Anne Thompson of Ancillary Healthcare Consulting, attached hereto as Supp. Attachment, Section C – General Criteria for Certificate of Need - Economic Feasibility – Item # 10-A.

As set forth in the financial representative's letter, the current ratio as of 9/30/15 is 29,245.

In addition, as disclosed in response to the question in Section C-General Criteria for Certificate of Need-Item #5 of the original application, Applicant's medical practice underwent a reorganization in late 2013 that resulted in four of six ordering providers leaving the practice. This two-thirds decrease in the number of ordering providers had a corresponding decrease in MRI utilization and revenues. Also as disclosed in the original application, Applicant is expanding the practice and has contracted with an orthopedic surgeon to join the practice in September 2016. Applicant expects to add a second orthopedic surgeon in 2017 along with additional non-physician practitioners to support the new physicians. With the expansion of physicians employed with the practice, patient census and MRI utilization will increase. In the unlikely event that the MRI service does not perform as projected volumes and margins, Applicant has the present ability to financially support the temporary losses with the Pinnacle Bank commercial line of credit or by decreasing and/or deferring shareholder distributions.

October 26, 2015**3:47 pm****10. Section C, Economic Feasibility, Item 9**

The MRI gross revenue of \$1,633,500 differs from the gross amounts in Year One (\$2,589,891) and Year Two (\$3,923,846) in the Projected Data Chart. Please show the percentages by payor in Year 1 of the project by completing the table below using the gross amount for Year One in the Projected Data Chart.

MRI Service Payor Mix, Year 1

Payor Source	Payer Mix Percentage	Year 1 Gross Revenue (as a % of total)	Average Gross Charge per MRI procedure
Medicare	18%	\$466,180.38	\$1,529.76
TennCare	25%	\$647,472.75	\$1,529.76
Managed care	49%	\$1,269,046.59	\$1,529.76
Commercial	5%	\$129,494.55	\$1,529.76
Self-Pay	1%	\$25,898.91	\$1,529.76
Other	2%	\$51,797.82	\$1,529.76
Total	100%	\$2,589,891.00	

October 26, 2015**3:47 pm****11. Proof of Publication**

Please submit a copy of the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit which is supplied by the newspaper as proof of the publication of the letter of intent.

RESPONSE:

The original full page of the October 2, 2015 Wilson Post Classified Section A14, in which the Notification of Intent to Apply for a Certificate of Need, was published is attached hereto as Supp. Attachment, Proof of Publication.

October 26, 2015**3:47 pm****12. Project Completion Forecast Chart**

Please enter the Projected Initial Decision Date and the Projected Final Project Report Form Date and resubmit.

RESPONSE:

The revised Project Completion Forecast Chart is attached hereto as Supp. Attachment, Project Completion Forecast Chart.

**END RESPONSE TO SUPPLEMENTAL REQUEST FOR INFORMATION; ATTACHMENTS
IMMEDIATELY FOLLOW**

October 26, 2015**3:47 pm**

SUPPLEMENTAL ATTACHMENT

SECTION C – GENERAL CRITERIA FOR CERTIFICATE OF NEED –

ECONOMIC FEASIBILITY – ITEM #10-A

(Applicant's Financial Representative Letter from Ancillary Healthcare Consulting)

Ancillary HealthCare Consulting
9786 Hartsville Pike
Lebanon, Tennessee 37087

SUPPLEMENTAL #1

October 26, 2015

3:47 pm

October 26, 2015

Christi Griffin, Esq.
Griffin Law Office
113 East Main Street
Lebanon, Tennessee 37087

Re: Certificate of Need Application CN1510-041
Tennessee Orthopedics, P.C. – Relocation of an MRI

Dear Ms. Griffin:

I am providing this letter in support of Tennessee Orthopedic's CON application to relocate and upgrade the practice's MRI scanner. I am engaged by Tennessee Orthopedics to provide business consulting services, and in this capacity I am familiar with the financial affairs and operations of Tennessee Orthopedics. I am familiar with the subject CON application, including how the project costs will be paid.

Tennessee Orthopedics reports its financials on a cash basis, meaning that accounts receivable are not recorded as an asset. Rather, only cash payments received are recorded as an asset. However, Tennessee Orthopedics is a medical practice that bills insurance companies and patients for the medical and surgical services provided; and has a significant amount of current accounts receivable outstanding at any given time. These accounts receivable are an asset of the practice.

The Tennessee Orthopedics financial statements for month-ending September 30, 2015 show current assets of \$78,323.63. In addition, current accounts receivable (e.g., 0-30 days) outstanding as of September 30, 2015 are \$472,851.62, inclusive of filed insurance claims and patient invoices. An accounts receivable Aging Analysis, prepared by Tennessee Orthopedics' third-party billing service, is attached to this letter.

Typically, approximately 50% of gross charges billed to insurance companies is collected, reducing the estimated 9/30/15 accounts receivable expected to be collected from insurance companies to \$236,425.81. Taking contractual adjustments into consideration, as of September 30, 2015, Tennessee Orthopedics' current assets were \$314,749.44 (e.g., \$78,323.62 + \$236,425.81). The current ratio as of this date was 29,245 (e.g., current assets of \$236,425.81/current liabilities of \$11,631.43 as shown on the 9/30/15 balance sheet).

In addition to its cash reserves, Tennessee Orthopedics has available a commercial line of credit from Pinnacle Bank in the amount of \$250,000 that is available to cover project expenses as may be necessary from time to time. The letter confirming the Pinnacle Bank line of credit is attached to this letter, showing an available balance of \$135,652.82 as of October 22, 2015.

Please let me know should you require further information. Thank you.

Sincerely,



Anne Thompson
Owner and Consultant

Attachments: As stated

ASSETS

Current Assets		
Cash - First Tennessee	\$ 28,627.01	
Cash - Wilson Bank	15,422.83	
Cash - Pinnacle Bank Checking	2,445.39	
RMA Escrow Account	19,854.80	
A/R-Neely/Cornelius (Meaningfu	11,973.60	
Total Current Assets		78,323.63
Property and Equipment		
Medical Equipment - ANC	528,882.40	
Medical Equipment - Gallatin	28,480.21	
Medical Equipment - IRG	175,743.40	
Leasehold Improvements	31,698.84	
Medical Equipment	130,165.37	
Office Equipment	342,977.18	
Furniture & Fixtures	67,463.29	
Accumulated Depreciation - ANC	(528,882.00)	
Accumulated Depreciation - IRG	(175,744.00)	
Accumulated Depreciation	(498,703.38)	
Total Property and Equipment		102,081.31
Other Assets		
Total Other Assets		0.00
Total Assets	\$	180,404.94

LIABILITIES AND CAPITAL

Current Liabilities		
Shareholder Loan	\$ (11,631.43)	
Total Current Liabilities		(11,631.43)
Long-Term Liabilities		
Line of Credit - Pinnacle	114,347.18	
Equipment Lease	4,956.83	
Equipment Lease	28,387.23	
Total Long-Term Liabilities		147,691.24
Total Liabilities		136,059.81
Capital		
Retained Earnings	(13,393.43)	
Common Stock	8,000.00	
Net Income	49,738.56	
Total Capital		44,345.13
Total Liabilities & Capital	\$	180,404.94

Unaudited - For Management Purposes Only

October 26, 2015

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Tennessee Orthopedics, PC 2015

Total

Income Statement

For the Nine Months Ending September 30, 2015

	Current Month		Year to Date	
Revenues				
Fees	\$ 35,273.10	12.70	\$ 230,106.68	10.39
Fees	52,255.98	18.81	463,736.57	20.93
Fees	1,009.67	0.36	1,807.40	0.08
Fees for Beau	0.00	0.00	56,072.86	2.53
Fees	6,479.00	2.33	36,702.50	1.66
Fees	38,099.10	13.72	357,111.69	16.12
Fees	639.45	0.23	3,263.18	0.15
Fees	122,746.42	44.19	925,400.76	41.77
Fees	379.78	0.14	921.47	0.04
Fees	20,212.79	7.28	117,442.17	5.30
Fees for Greg	109.84	0.04	22,074.42	1.00
Fees	0.00	0.00	360.00	0.02
Other Income	0.00	0.00	1,537.12	0.07
Other Income	0.00	0.00	352.77	0.02
Refunds	0.00	0.00	(200.00)	(0.01)
Refunds	0.00	0.00	(873.57)	(0.04)
Refunds	0.00	0.00	(101.35)	0.00
Refunds	0.00	0.00	41.71	0.00
Refunds	553.73	0.20	(4,233.34)	(0.19)
Refunds	0.00	0.00	65.12	0.00
Refunds	0.00	0.00	(323.40)	(0.01)
Returned Checks	0.00	0.00	(56.94)	0.00
Returned Checks	0.00	0.00	(66.94)	0.00
Rental Income	0.00	0.00	1,500.00	0.07
Rental Income	0.00	0.00	2,796.49	0.13
Total Revenues	277,758.86	100.00	2,215,437.37	100.00
Cost of Sales				
Total Cost of Sales	0.00	0.00	0.00	0.00
Gross Profit	277,758.86	100.00	2,215,437.37	100.00
Expenses				
Accounting Fees	0.00	0.00	14,295.00	0.65
Automobile Expenses	0.00	0.00	1,025.16	0.05
Automobile Expenses	185.13	0.07	2,568.18	0.12
Bank Service Charges	0.00	0.00	359.13	0.02
Bank Service Charges	14.00	0.01	1,446.48	0.07
Bank Service Charge	0.00	0.00	14.00	0.00
Billing & Collections	0.00	0.00	252.10	0.01
Billing & Collections	504.83	0.18	539.01	0.02
Billing & Collections	57.74	0.02	373.03	0.02
Billing & Collections	286.92	0.10	1,045.92	0.05
Billing & Collections	9,735.79	3.51	40,871.20	1.84
Billing & Collections	113.92	0.04	297.81	0.01
Computer Repair & Svs.	0.00	0.00	1,908.13	0.09
Computer Repair & Svs.	0.00	0.00	845.30	0.04
Computer Repair & Svs.	710.13	0.26	8,181.95	0.37
Contract Labor	0.00	0.00	269.01	0.01
Contract Labor	0.00	0.00	5,604.50	0.25
Contract Labor	0.00	0.00	250.00	0.01

For Management Purposes Only

Tennessee Orthopedics, PC 2015

October 26, 2015 Page: 2

Total

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Income Statement

For the Nine Months Ending September 30, 2015

	Current Month		Year to Date	
Contract Labor	0.00	0.00	3,575.75	0.16
Contract Labor	0.00	0.00	10,266.40	0.46
Contracted Services	0.00	0.00	200.61	0.01
Contracted Services	0.00	0.00	757.90	0.03
Contracted Services	1,148.95	0.41	28,039.93	1.27
Credit Card Fees	0.00	0.00	122.21	0.01
Credit Card Fees	0.00	0.00	565.67	0.03
Credit Card Fees	1,092.29	0.39	2,454.93	0.11
Dues & Subscriptions	0.00	0.00	75.00	0.00
Dues and Subscriptions	0.00	0.00	84.00	0.00
Dues & Subscriptions	0.00	0.00	815.82	0.04
Dues & Subscriptions	0.00	0.00	2,097.23	0.09
Equipment Lease	0.00	0.00	145,239.47	6.56
Equipment Lease	0.00	0.00	310.60	0.01
Flowers & Gifts	0.00	0.00	165.18	0.01
Flowers & Gifts	0.00	0.00	125.15	0.01
Housekeeping/Maintenance	268.00	0.10	588.00	0.03
Housekeeping/Maintenance	358.00	0.13	692.30	0.03
Housekeeping/Maintenance	844.00	0.30	3,892.00	0.18
Insurance - General Liability	472.50	0.17	3,730.50	0.17
Insurance - Staff	(59.60)	(0.02)	(514.07)	(0.02)
Insurance - Staff	(153.86)	(0.06)	1,486.50	0.07
Insurance - Staff	(122.04)	(0.04)	(640.90)	(0.03)
Insurance - Staff	(230.80)	(0.08)	(1,835.40)	(0.08)
Insurance - Staff	0.00	0.00	266.40	0.01
Insurance - Work Comp	0.00	0.00	1,846.50	0.08
Interest Expense	0.00	0.00	370.81	0.02
Interest Expense	1,783.95	0.64	10,474.80	0.47
Laundry	41.71	0.02	262.38	0.01
Laundry	84.54	0.03	225.28	0.01
Laundry	13.11	0.00	1,697.73	0.08
Legal Fees	0.00	0.00	925.00	0.04
Legal Fees	0.00	0.00	616.00	0.03
Legal Fees	0.00	0.00	6,860.80	0.31
Legal Fees	0.00	0.00	38,352.12	1.73
Licenses & Permits	0.00	0.00	69.04	0.00
Licenses & Permits	50.00	0.02	100.00	0.00
Licenses & Permits	0.00	0.00	285.00	0.01
Licenses & Permits	0.00	0.00	1,888.42	0.09
Licenses & Permits	0.00	0.00	235.00	0.01
Marketing	0.00	0.00	2,235.00	0.10
Marketing	0.00	0.00	665.28	0.03
Marketing	0.00	0.00	5,852.17	0.26
Meals & Entertainment	0.00	0.00	576.39	0.03
Meals and Entertainment	0.00	0.00	50.92	0.00
Medical Waste	0.00	0.00	13.33	0.00
Medical Waste	278.33	0.10	2,723.66	0.12
Office Expense	0.00	0.00	84.10	0.00
Office Expense	0.00	0.00	1,437.12	0.06
Office Expense	0.00	0.00	207.05	0.01
Office Expense	333.67	0.12	1,471.58	0.07
Payroll Fees	396.35	0.14	3,332.84	0.15
Payroll - Staff Compensation	4,588.64	1.65	43,020.20	1.94
Payroll - Staff Compensation	13,995.56	5.04	176,140.56	7.95
Payroll - Staff Compensation	5,681.14	2.05	31,896.74	1.44

For Management Purposes Only

SUPPLEMENTAL #1

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Tennessee Orthopedics, PC 2015

Total

Income Statement

For the Nine Months Ending September 30, 2015

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	Current Month		Year to Date	
Payroll - Staff Compensation	1,923.08	0.69	7,692.32	0.35
Payroll - Staff Compensation	21,759.66	7.83	286,632.42	12.94
Payroll - Staff Compensation	9,583.34	3.45	91,041.75	4.11
Postage & Delivery	0.00	0.00	84.17	0.00
Postage & Delivery	0.00	0.00	48.99	0.00
Postage & Delivery	0.00	0.00	1,038.01	0.05
Printing & Reproduction	101.93	0.04	366.37	0.02
Printing & Reproduction	0.00	0.00	207.75	0.01
Printing & Reproduction	0.00	0.00	921.47	0.04
Printing & Reproduction	255.59	0.09	2,275.54	0.10
Rent	2,250.00	0.81	20,470.00	0.92
Rent	0.00	0.00	640.00	0.03
Rent	2,959.00	1.07	36,154.16	1.63
Rent	855.15	0.31	3,420.60	0.15
Rent	800.00	0.29	3,200.00	0.14
Rent	9,166.91	3.30	111,647.37	5.04
Repairs	0.00	0.00	279.69	0.01
Repairs	0.00	0.00	400.00	0.02
Repairs	0.00	0.00	8,638.57	0.39
Repairs	316.83	0.11	5,978.38	0.27
Service Contract - Equipment	8,608.73	3.10	76,369.84	3.45
Service Contract - Equipment	0.00	0.00	1,523.15	0.07
Service Contract - Equipment	464.63	0.17	2,314.88	0.10
Supplies - Drugs & Injections	0.00	0.00	5,250.00	0.24
Supplies - Drugs and Injection	4,515.01	1.63	9,359.40	0.42
Supplies - Drugs & Injections	2,746.00	0.99	59,913.00	2.70
Supplies - Medical	0.00	0.00	1,513.07	0.07
Medical Supplies	0.00	0.00	107.60	0.00
Supplies - Medical	0.00	0.00	46.15	0.00
Supplies - Medical	1,203.06	0.43	27,790.32	1.25
Supplies - Office	30.72	0.01	174.88	0.01
Office Supplies	0.00	0.00	1,890.24	0.09
Supplies - Office	620.84	0.22	9,866.32	0.45
Supplies - Other	0.00	0.00	6.51	0.00
Supplies - Other	0.00	0.00	2.79	0.00
Supplies - Other	197.91	0.07	1,347.04	0.06
Taxes - Franchise & Excise	0.00	0.00	2,600.00	0.12
Taxes - Personal Property	0.00	0.00	1,678.96	0.08
Taxes - Staff Payroll	350.82	0.13	3,319.65	0.15
Taxes - Staff Payroll	358.98	0.13	10,265.48	0.46
Taxes - Staff Payroll	425.04	0.15	2,395.69	0.11
Taxes - Staff Payroll	156.53	0.06	644.03	0.03
Taxes - Staff Payroll	1,511.86	0.54	24,165.12	1.09
Taxes - Staff Payroll	733.12	0.26	7,027.52	0.32
Telephone/Internet/TV	0.00	0.00	2,596.04	0.12
Telephone/Internet/TV	0.00	0.00	5,351.46	0.24
Telephone/Internet/TV	0.00	0.00	15,470.51	0.70
Tier II Expenses	0.00	0.00	277,031.00	12.50
Transcription	0.00	0.00	177.92	0.01
Transcription	0.00	0.00	528.96	0.02
Transcription	0.00	0.00	789.84	0.04
Travel CME	0.00	0.00	1,500.00	0.07
Travel - CME	0.00	0.00	7,336.14	0.33
Travel - CME	0.00	0.00	295.00	0.01
Utilities	0.00	0.00	11,009.61	0.50

For Management Purposes Only

October 26, 2015

3:47 pm

SUPPLEMENTAL ATTACHMENT
SECTION C – GENERAL CRITERIA FOR CERTIFICATE OF NEED –
ECONOMIC FEASIBILITY – ITEM #1
(Evergreen Constructors, LLC Attestation)



SUPPLEMENTAL #1

October 26, 2015

3:47 pm

October 23, 2015

Christi D. Griffin, Esq.
Griffin Law Office
113 East Main Street
Lebanon, TN 37087

Dear Ms. Griffin,

I am writing this letter at your request in support of a Certificate of Need application filed by Tennessee Orthopedics, P.C. for the relocation and upgrade of an MRI scanner. I am the sole member of Evergreen Construction, LLC, and hold Tennessee licenses as a professional engineer and general contractor. I have been engaged by Phoenix Medical Office Building, LLC to provide general contractor services for the construction of a new medial office building located on 101 Physicians Way, Lebanon, Tennessee 37090. It is my understanding that Tennessee Orthopedics will lease the medical office building.

The medical office building includes a 1,396 square foot MRI suite that will house an MRI scanner and related space. The design of the MRI suite includes the MRI room, technologist's office, small waiting room, changing area and restroom. The construction of the MRI suite entails the installation of interior walls, sheet rock, flooring, painting, electrical, mechanical, fire protection and the required MRI shielding. The architectural plans call for the construction of the physical environment of the MRI suite to be in compliance with applicable federal, state and local construction codes, standards, specifications, and requirements.

The estimated cost of constructing the MRI suite as described above is \$150,000.00. I affirm that the physical environment of the MRI suite will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements.

Sincerely,

David K. Pine, P.E.

109
Tennessee Orthopedics, PC 2015
Total
Income Statement
For the Nine Months Ending September 30, 2015

	Current Month		Year to Date	
Utilities	375.64	0.14	3,205.61	0.14
Utilities	1,088.09	0.39	6,276.67	0.28
Utilities	0.00	0.00	1,414.42	0.06
Disability Ins - Mid-level	133.20	0.05	771.92	0.03
Disability Ins - Staff	82.62	0.03	140.44	0.01
Disability Ins - Physician	84.95	0.03	2,161.25	0.10
Disability Ins - Mid-level	133.20	0.05	1,560.54	0.07
Health Ins - Physician	111.91	0.04	3,490.38	0.16
Payroll - Phy Salary	58,494.45	21.06	340,013.62	15.35
Payroll Taxes - Physician	977.25	0.35	12,865.38	0.58
Depreciation	2,603.20	0.94	24,379.99	1.10
Ancillary Bonus Allocated	0.00	0.00	(49,399.25)	(2.23)
Ancillary Bonus Allocated	0.00	0.00	49,399.25	2.23
Total Expenses	178,452.15	64.25	2,165,698.81	97.75
Net Income	\$ 99,306.71	35.75	\$ 49,738.56	2.25

For Management Purposes Only

ACCOUNTS RECEIVABLE AGING ANALYSIS
AS OF 9/30/15

SUPPLEMENTAL #1

October 26, 2015

3:47 pm

October 26, 2015**3:47 pm****MEDICAL BILLING ASSOCIATES, INC.**

*P.O. Box 5000
Lebanon, Tennessee 37088
615-444-2320
615-547-9845 fax*


October 26, 2015

**Anne Thompson
Owner
Ancillary Healthcare Consulting
9786 Hartsville Pike
Lebanon, Tennessee 37087**

Dear Ms. Thompson,

Please see attached the requested Accounts Receivable Aging Analysis report for Tennessee Orthopedics as of 9/30/15. Current accounts receivable (e.g., accounts outstanding 0-30 days) includes gross charges billed to insurance companies as well as invoices to patients for amounts not covered by health insurance. Based on historical billing and collections data, we estimate that 50% of the current accounts receivable is collectable after adjustments for insurance contractual discounts and bad debt. Thank you, and please let me know should you require further information.

Cordially,


Debra Dismukes
Medical Billing Associates
President

***** AGING ANALYSIS REPORT *****
 by CUR PAT TYPE

	0-30	31-60	61-90	91-120	121-150	OVER 150	TOTAL CHARGES	TOTAL RECEIPTS	TOTAL BALANCE
1 -SELF PAY	5199.93	357308.21	11184.46	10447.70	15385.43	1109.44	87578.20	313056.97	400635.17
2 -MEDICARE	78029.44	58572.64	3923.72	4169.69	3692.35	1694.39	741746.31	591664.08-	150082.23
3 -MEDICAID	5876.00	40.00	85.00	80.00	236.18	40.00	18347.56	11990.38-	6357.18
4 -MEDICARE/MEDICAID	22454.00	8988.69	2200.72	1838.58	572.65	956.11	207578.01	170567.26-	37010.75
5 -BLUE CROSS/BLUE SHI	91485.48	90915.96	39786.26	7103.32	19403.98	3136.92	876969.60	625137.68-	251831.92
6 -COMMERCIAL INSURANC	19510.24	76558.72	36268.84	16791.46	8799.89	2955.19	247247.77	86363.43-	160884.34
10 -WORKER'S COMPENSATI	43523.73	44846.68	29874.39	9516.15	10870.79	620.00	323834.56	184582.82-	139251.74
11 -TENNCARE/MEDICAID		46454.07		4764.84		6933.70		848594.28-	
	120871.96		19212.97		4013.19		1050845.01		202250.73
12 -TENNCARE/UNINSURED	2993.00	1228.18	98.58	50.00	.00	.00	12665.24	8295.48-	4369.76
13 -CIGNA	23007.00	24722.66	2983.10	1334.84	2939.14	221.62	165816.28	110607.92-	55208.36
14 -AETNA	8069.24	26891.44	1951.23	2808.77	4035.64	652.98	110019.01	65609.71-	44409.30
15 -UNITED HEALTHCARE	16267.00	23403.66	3236.08	1779.93	4686.31	629.39	192453.82	142451.45-	50002.37
16 -HEALTHSPRINGS	26813.60	11404.44	5180.49	10793.68	6221.49	4791.72	193689.48	128484.06-	65205.42
17 -CHAMPUS	8751.00	2895.24	70.15	12.00	248.06	477.54	37915.56	25461.57-	12453.99
25 -VETERANS	.00	.00	.00	.00	.00	.00	801.00	801.00-	.00
100 -COURTESY	.00	30.00	50.00	50.00	552.91	.00	4219.00	3536.09-	682.91
***** GRAND TOTALS *****	472,851.62	774,260.59	156,105.99	71,540.96	81,658.01	24,219.00	4,271,726.41	2,691,090.24-	1,580,636.17

PINNACLE BANK COMMERCIAL LINE OF CREDIT

SUPPLEMENTAL #1

October 26, 2015

3:47 pm

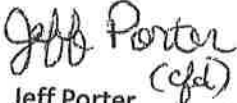
October 22, 2015

Christi Griffin, Esquire
Griffin Law Firm
113 East Main Street
Lebanon, TN 37087

Dr. Roy Terry has a \$250,000.00 line of credit with Pinnacle Bank. This line of credit is solely for use in the business of Tennessee Orthopedics. The balance outstanding is variable. As of today's date, the outstanding balance is \$114,347.18 .

Please do not hesitate to contact me with any questions.

Sincerely,


Jeff Porter (cfd)
Vice President

October 26, 2015**3:47 pm**

SUPPLEMENTAL ATTACHMENT

SECTION C – GENERAL CRITERIA FOR CERTIFICATE OF NEED -

ECONOMIC FEASIBILITY – ITEM #10-B

(Month End 9/30/15 Unaudited Financial Statements)

116
Tennessee Orthopedics, PC 2015
Balance Sheet
September 30, 2015

SUPPLEMENTAL #1

October 26, 2015

3:47 pm

ASSETS

Current Assets

Cash - First Tennessee	\$ 28,627.01
Cash - Wilson Bank	15,422.83
Cash - Pinnacle Bank Checking	2,445.39
RMA Escrow Account	19,854.80
A/R-Neely/Cornelius (Meaningfu	11,973.60

Total Current Assets	78,323.63
----------------------	-----------

Property and Equipment

Medical Equipment - ANC	528,882.40
Medical Equipment - Gallatin	28,480.21
Medical Equipment - IRG	175,743.40
Leasehold Improvements	31,698.84
Medical Equipment	130,165.37
Office Equipment	342,977.18
Furniture & Fixtures	67,463.29
Accumulated Depreciation - ANC	(528,882.00)
Accumulated Depreciation - IRG	(175,744.00)
Accumulated Depreciation	(498,703.38)

Total Property and Equipment	102,081.31
------------------------------	------------

Other Assets

Total Other Assets	0.00
--------------------	------

Total Assets	\$ 180,404.94
--------------	---------------

LIABILITIES AND CAPITAL

Current Liabilities

Shareholder Loan	\$ (11,631.43)
------------------	----------------

Total Current Liabilities	(11,631.43)
---------------------------	-------------

Long-Term Liabilities

Line of Credit - Pinnacle	114,347.18
Equipment Lease	4,956.83
Equipment Lease	28,387.23

Total Long-Term Liabilities	147,691.24
-----------------------------	------------

Total Liabilities	136,059.81
-------------------	------------

Capital

Retained Earnings	(13,393.43)
Common Stock	8,000.00
Net Income	49,738.56

Total Capital	44,345.13
---------------	-----------

Total Liabilities & Capital	\$ 180,404.94
-----------------------------	---------------

Unaudited - For Management Purposes Only

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October 26, 2015**3:47 pm**

Page: 1

117
Tennessee Orthopedics, PC 2015
Total
Income Statement
For the Nine Months Ending September 30, 2015

	Current Month		Year to Date	
Revenues				
Fees	\$ 35,273.10	12.70	\$ 230,106.68	10.39
Fees	52,255.98	18.81	463,736.57	20.93
Fees	1,009.67	0.36	1,807.40	0.08
Fees for Beau	0.00	0.00	56,072.86	2.53
Fees	6,479.00	2.33	36,702.50	1.66
Fees	38,099.10	13.72	357,111.69	16.12
Fees	639.45	0.23	3,263.18	0.15
Fees	122,746.42	44.19	925,400.76	41.77
Fees	379.78	0.14	921.47	0.04
Fees	20,212.79	7.28	117,442.17	5.30
Fees for Greg	109.84	0.04	22,074.42	1.00
Fees	0.00	0.00	360.00	0.02
Other Income	0.00	0.00	1,537.12	0.07
Other Income	0.00	0.00	352.77	0.02
Refunds	0.00	0.00	(200.00)	(0.01)
Refunds	0.00	0.00	(873.57)	(0.04)
Refunds	0.00	0.00	(101.35)	0.00
Refunds	0.00	0.00	41.71	0.00
Refunds	553.73	0.20	(4,233.34)	(0.19)
Refunds	0.00	0.00	65.12	0.00
Refunds	0.00	0.00	(323.40)	(0.01)
Returned Checks	0.00	0.00	(56.94)	0.00
Returned Checks	0.00	0.00	(66.94)	0.00
Rental Income	0.00	0.00	1,500.00	0.07
Rental Income	0.00	0.00	2,796.49	0.13
Total Revenues	<u>277,758.86</u>	<u>100.00</u>	<u>2,215,437.37</u>	<u>100.00</u>
Cost of Sales				
Total Cost of Sales	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Gross Profit	<u>277,758.86</u>	<u>100.00</u>	<u>2,215,437.37</u>	<u>100.00</u>
Expenses				
Accounting Fees	0.00	0.00	14,295.00	0.65
Automobile Expenses	0.00	0.00	1,025.16	0.05
Automobile Expenses	185.13	0.07	2,568.18	0.12
Bank Service Charges	0.00	0.00	359.13	0.02
Bank Service Charges	14.00	0.01	1,446.48	0.07
Bank Service Charge	0.00	0.00	14.00	0.00
Billing & Collections	0.00	0.00	252.10	0.01
Billing & Collections	504.83	0.18	539.01	0.02
Billing & Collections	57.74	0.02	373.03	0.02
Billing & Collections	286.92	0.10	1,045.92	0.05
Billing & Collections	9,735.79	3.51	40,871.20	1.84
Billing & Collections	113.92	0.04	297.81	0.01
Computer Repair & Svs.	0.00	0.00	1,908.13	0.09
Computer Repair & Svs.	0.00	0.00	845.30	0.04
Computer Repair & Svs.	710.13	0.26	8,181.95	0.37
Contract Labor	0.00	0.00	269.01	0.01
Contract Labor	0.00	0.00	5,604.50	0.25
Contract Labor	0.00	0.00	250.00	0.01

For Management Purposes Only

October 26, 2015

Page: 2

3:47 pm

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Tennessee Orthopedics, PC 2015

Total

Income Statement

For the Nine Months Ending September 30, 2015

	Current Month		Year to Date	
Contract Labor	0.00	0.00	3,575.75	0.16
Contract Labor	0.00	0.00	10,266.40	0.46
Contracted Services	0.00	0.00	200.61	0.01
Contracted Services	0.00	0.00	757.90	0.03
Contracted Services	1,148.95	0.41	28,039.93	1.27
Credit Card Fees	0.00	0.00	122.21	0.01
Credit Card Fees	0.00	0.00	565.67	0.03
Credit Card Fees	1,092.29	0.39	2,454.93	0.11
Dues & Subscriptions	0.00	0.00	75.00	0.00
Dues and Subscriptions	0.00	0.00	84.00	0.00
Dues & Subscriptions	0.00	0.00	815.82	0.04
Dues & Subscriptions	0.00	0.00	2,097.23	0.09
Equipment Lease	0.00	0.00	145,239.47	6.56
Equipment Lease	0.00	0.00	310.60	0.01
Flowers & Gifts	0.00	0.00	165.18	0.01
Flowers & Gifts	0.00	0.00	125.15	0.01
Housekeeping/Maintenance	268.00	0.10	588.00	0.03
Housekeeping/Maintenance	358.00	0.13	692.30	0.03
Housekeeping/Maintenance	844.00	0.30	3,892.00	0.18
Insurance - General Liability	472.50	0.17	3,730.50	0.17
Insurance - Staff	(59.60)	(0.02)	(514.07)	(0.02)
Insurance - Staff	(153.86)	(0.06)	1,486.50	0.07
Insurance - Staff	(122.04)	(0.04)	(640.90)	(0.03)
Insurance - Staff	(230.80)	(0.08)	(1,835.40)	(0.08)
Insurance - Staff	0.00	0.00	266.40	0.01
Insurance - Work Comp	0.00	0.00	1,846.50	0.08
Interest Expense	0.00	0.00	370.81	0.02
Interest Expense	1,783.95	0.64	10,474.80	0.47
Laundry	41.71	0.02	262.38	0.01
Laundry	84.54	0.03	225.28	0.01
Laundry	13.11	0.00	1,697.73	0.08
Legal Fees	0.00	0.00	925.00	0.04
Legal Fees	0.00	0.00	616.00	0.03
Legal Fees	0.00	0.00	6,860.80	0.31
Legal Fees	0.00	0.00	38,352.12	1.73
Licenses & Permits	0.00	0.00	69.04	0.00
Licenses & Permits	50.00	0.02	100.00	0.00
Licences & Permits	0.00	0.00	285.00	0.01
Licenses & Permits	0.00	0.00	1,888.42	0.09
Licenses & Permits	0.00	0.00	235.00	0.01
Marketing	0.00	0.00	2,235.00	0.10
Marketing	0.00	0.00	665.28	0.03
Marketing	0.00	0.00	5,852.17	0.26
Meals & Entertainment	0.00	0.00	576.39	0.03
Meals and Entertainment	0.00	0.00	50.92	0.00
Medical Waste	0.00	0.00	13.33	0.00
Medical Waste	278.33	0.10	2,723.66	0.12
Office Expense	0.00	0.00	84.10	0.00
Office Expense	0.00	0.00	1,437.12	0.06
Office Expense	0.00	0.00	207.05	0.01
Office Expense	333.67	0.12	1,471.58	0.07
Payroll Fees	396.35	0.14	3,332.84	0.15
Payroll - Staff Compensation	4,588.64	1.65	43,020.20	1.94
Payroll - Staff Compensation	13,995.56	5.04	176,140.56	7.95
Payroll - Staff Compensation	5,681.14	2.05	31,896.74	1.44

For Management Purposes Only

October 26, 2015

Page: 3

3:47 pm

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Tennessee Orthopedics, PC 2015

Total

Income Statement

For the Nine Months Ending September 30, 2015

	Current Month		Year to Date	
Payroll - Staff Compensation	1,923.08	0.69	7,692.32	0.35
Payroll - Staff Compensation	21,759.66	7.83	286,632.42	12.94
Payroll - Staff Compensation	9,583.34	3.45	91,041.75	4.11
Postage & Delivery	0.00	0.00	84.17	0.00
Postage & Delivery	0.00	0.00	48.99	0.00
Postage & Delivery	0.00	0.00	1,038.01	0.05
Printing & Reproduction	101.93	0.04	366.37	0.02
Printing & Reproduction	0.00	0.00	207.75	0.01
Printing & Reproduction	0.00	0.00	921.47	0.04
Printing & Reproduction	255.59	0.09	2,275.54	0.10
Rent	2,250.00	0.81	20,470.00	0.92
Rent	0.00	0.00	640.00	0.03
Rent	2,959.00	1.07	36,154.16	1.63
Rent	855.15	0.31	3,420.60	0.15
Rent	800.00	0.29	3,200.00	0.14
Rent	9,166.91	3.30	111,647.37	5.04
Repairs	0.00	0.00	279.69	0.01
Repairs	0.00	0.00	400.00	0.02
Repairs	0.00	0.00	8,638.57	0.39
Repairs	316.83	0.11	5,978.38	0.27
Service Contract - Equipment	8,608.73	3.10	76,369.84	3.45
Service Contract - Equipment	0.00	0.00	1,523.15	0.07
Service Contract - Equipment	464.63	0.17	2,314.88	0.10
Supplies - Drugs & Injections	0.00	0.00	5,250.00	0.24
Supplies - Drugs and Injection	4,515.01	1.63	9,359.40	0.42
Supplies - Drugs & Injections	2,746.00	0.99	59,913.00	2.70
Supplies - Medical	0.00	0.00	1,513.07	0.07
Medical Supplies	0.00	0.00	107.60	0.00
Supplies - Medical	0.00	0.00	46.15	0.00
Supplies - Medical	1,203.06	0.43	27,790.32	1.25
Supplies - Office	30.72	0.01	174.88	0.01
Office Supplies	0.00	0.00	1,890.24	0.09
Supplies - Office	620.84	0.22	9,866.32	0.45
Supplies - Other	0.00	0.00	6.51	0.00
Supplies - Other	0.00	0.00	2.79	0.00
Supplies - Other	197.91	0.07	1,347.04	0.06
Taxes - Franchise & Excise	0.00	0.00	2,600.00	0.12
Taxes - Personal Property	0.00	0.00	1,678.96	0.08
Taxes - Staff Payroll	350.82	0.13	3,319.65	0.15
Taxes - Staff Payroll	358.98	0.13	10,265.48	0.46
Taxes - Staff Payroll	425.04	0.15	2,395.69	0.11
Taxes - Staff Payroll	156.53	0.06	644.03	0.03
Taxes - Staff Payroll	1,511.86	0.54	24,165.12	1.09
Taxes - Staff Payroll	733.12	0.26	7,027.52	0.32
Telephone/Internet/TV	0.00	0.00	2,596.04	0.12
Telephone/Internet/TV	0.00	0.00	5,351.46	0.24
Telephone/Internet/TV	0.00	0.00	15,470.51	0.70
Tier II Expenses	0.00	0.00	277,031.00	12.50
Transcription	0.00	0.00	177.92	0.01
Transcription	0.00	0.00	528.96	0.02
Transcription	0.00	0.00	789.84	0.04
Travel CME	0.00	0.00	1,500.00	0.07
Travel - CME	0.00	0.00	7,336.14	0.33
Travel - CME	0.00	0.00	295.00	0.01
Utilities	0.00	0.00	11,009.61	0.50

For Management Purposes Only

October 26, 2015

3:47 pm

Page: 4

120
Tennessee Orthopedics, PC 2015
Total
Income Statement
For the Nine Months Ending September 30, 2015

	Current Month		Year to Date	
Utilities	375.64	0.14	3,205.61	0.14
Utilities	1,088.09	0.39	6,276.67	0.28
Utilities	0.00	0.00	1,414.42	0.06
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Disability Ins - Staff	82.62	0.03	140.44	0.01
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Payroll - Phy Salary	58,494.45	21.06	340,013.62	15.35
Payroll Taxes - Physician	977.25	0.35	12,865.38	0.58
Depreciation	2,603.20	0.94	24,379.99	1.10
Ancillary Bonus Allocated	0.00	0.00	(49,399.25)	(2.23)
Ancillary Bonus Allocated	0.00	0.00	49,399.25	2.23
Total Expenses	178,452.15	64.25	2,165,698.81	97.75
Net Income	\$ 99,306.71	35.75	\$ 49,738.56	2.25

For Management Purposes Only

SUPPLEMENTAL ATTACHMENT
SECTION C – GENERAL CRITERIA FOR CERTIFICATE OF NEED -
ECONOMIC FEASIBILITY – ITEM #10-C
(Month End 9/30/15 Accounts Receivable Aging Analysis)

October 26, 2015**3:47 pm****MEDICAL BILLING ASSOCIATES, INC.**

*P.O. Box 5000
Lebanon, Tennessee 37088
615-444-2320
615-547-9845 fax*


October 26, 2015

Anne Thompson
Owner
Ancillary Healthcare Consulting
9786 Hartsville Pike
Lebanon, Tennessee 37087

Dear Ms. Thompson,

Please see attached the requested Accounts Receivable Aging Analysis report for Tennessee Orthopedics as of 9/30/15. Current accounts receivable (e.g., accounts outstanding 0-30 days) includes gross charges billed to insurance companies as well as invoices to patients for amounts not covered by health insurance. Based on historical billing and collections data, we estimate that 50% of the current accounts receivable is collectable after adjustments for insurance contractual discounts and bad debt. Thank you, and please let me know should you require further information.

Cordially,


Debra Dismukes
Medical Billing Associates
President

October 26, 2015

3:47 pm

***** AGING ANALYSIS REPORT *****
 by CUR PAT TYPE

	0-30	31-60	61-90	91-120	121-150	OVER 150	TOTAL CHARGES	TOTAL RECEIPTS	TOTAL BALANCE
1 -SELF PAY	5199.93	357308.21	11184.46	10447.70	15385.43	1109.44	87578.20	313056.97	400635.17
2 -MEDICARE	78029.44	58572.64	3923.72	4169.69	3692.35	1694.39	741746.31	591664.08-	150082.23
3 -MEDICAID	5876.00	40.00	85.00	80.00	236.18	40.00	18347.56	11990.38-	6357.18
4 -MEDICARE/MEDICAID	22454.00	8988.69	2200.72	1838.58	572.65	956.11	207578.01	170567.26-	37010.75
5 -BLUE CROSS/BLUE SHI	91485.48	90915.96	39786.26	7103.32	19403.98	3136.92	876969.60	625137.68-	251831.92
6 -COMMERCIAL INSURANC	19510.24	76558.72	36268.84	16791.46	8799.89	2955.19	247247.77	86363.43-	160884.34
10 -WORKER'S COMPENSATI	43523.73	44846.68	29874.39	9516.15	10870.79	620.00	323834.56	184582.82-	139251.74
11 -TENNCARE/MEDICAID		46454.07		4764.84		6933.70		848594.28-	
	120871.96		19212.97		4013.19		1050845.01		202250.73
12 -TENNCARE/UNINSURED	2993.00	1228.18	98.58	50.00	.00	.00	12665.24	8295.48-	4369.76
13 -CIGNA	23007.00	24722.66	2983.10	1334.84	2939.14	221.62	165816.28	110607.92-	55208.36
14 -AETNA	8069.24	26891.44	1951.23	2808.77	4035.64	652.98	110019.01	65609.71-	44409.30
15 -UNITED HEALTHCARE	16267.00	23403.66	3236.08	1779.93	4686.31	629.39	192453.82	142451.45-	50002.37
16 -HEALTHSPRINGS	26813.60	11404.44	5180.49	10793.68	6221.49	4791.72	193689.48	128484.06-	65205.42
17 -CHAMPUS	8751.00	2895.24	70.15	12.00	248.06	477.54	37915.56	25461.57-	12453.99
25 -VETERANS	.00	.00	.00	.00	.00	.00	801.00	801.00-	.00
100 -COURTESY	.00	30.00	50.00	50.00	552.91	.00	4219.00	3536.09-	682.91
***** GRAND TOTALS *****	472,851.62	774,260.59	156,105.99	71,540.96	81,658.01	24,219.00	4,271,726.41	2,691,090.24-	1,580,636.17

SUPPLEMENTAL ATTACHMENT
SECTION C – GENERAL CRITERIA FOR CERTIFICATE OF NEED -
ECONOMIC FEASIBILITY – ITEM #10-D
(Pinnacle Bank Commercial Line of Credit)


October 22, 2015

Christi Griffin, Esquire
Griffin Law Firm
113 East Main Street
Lebanon, TN 37087

Dr. Roy Terry has a \$250,000.00 line of credit with Pinnacle Bank. This line of credit is solely for use in the business of Tennessee Orthopedics. The balance outstanding is variable. As of today's date, the outstanding balance is \$114,347.18 .

Please do not hesitate to contact me with any questions.

Sincerely,


Jeff Porter
Vice President

October 26, 2015

3:47 pm

SUPPLEMENTAL ATTACHMENT

PROOF OF PUBLICATION

(Oct. 2, 2015 Wilson Post – Full Page)

October 26, 2015

4:47 pm

PLACING A CLASSIFIED AD: Classified ads obtained in person, by phone or email from Monday to Friday, 9:00 a.m. to 4:30 p.m.

Email: classifieds@wilsonpost.com

Call: 615-452-4940

PUBLIC NOTICE

NOTICE TO CREDITORS
ESTATE OF JAMES MICHAEL WHITE
CASE NO. 15PR039

Notice is hereby given that on the 23rd day of September, 2015, Letters Testamentary, in respect to the estate of James Michael White, deceased, who died on May 31, 2015, were issued to the undersigned by the Probate Court of Wilson County, Tennessee. All persons, resident and nonresident, having claims, matured or unmatured, against the estate are required to file the same with the Clerk of the above named Court on or before the earlier of the dates prescribed in (1) or (2) otherwise their claims will be forever barred: (1) (A) Four (4) months from the date of the first publication of this notice if the creditor received an actual copy of this notice to creditors at least sixty (60) days before the date that is four (4) months from the date of the first publication; or (B) Sixty (60) days from the date the creditor received an actual copy of this notice to creditors if the creditor received the copy of this notice less than sixty (60) days prior to the date that is four (4) months from the date of first publication as described in (1)(A); or (2) Twelve (12) months from the decedent's date of death.

October 1, 2015

CINDY L. WHITE
PERSONAL REPRESENTATIVE
ESTATE OF JAMES MICHAEL WHITE
DECEASED
BARBARA WEBB
CLERK AND MASTER
PROBATE CLERK
J. STEPHEN BROWN
ATTORNEY
Newspaper Wilson Post
Date to run 9-25-15 and 10-2-15

NOTICE TO CREDITORS
ESTATE OF CLAYTON RAY DOWNS
CASE NO. 15PR037

Notice is hereby given that on the 17th day of September, 2015, Letters Testamentary, in respect to the estate of Clayton Ray Downs, deceased, who died on September 5, 2015, were issued to the undersigned by the Probate Court of Wilson County, Tennessee. All persons, resident and nonresident, having claims, matured or unmatured, against the estate are required to file the same with the Clerk of the above named Court on or before the earlier of the dates prescribed in (1) or (2) otherwise their claims will be forever barred: (1) (A) Four (4) months from the date of the first publication of this notice if the creditor received an actual copy of this notice to creditors at least sixty (60) days before the date that is four (4) months from the date of the first publication; or (B) Sixty (60) days from the date the creditor received an actual copy of this notice to creditors if the creditor received the copy of this notice less than sixty (60) days prior to the date that is four (4) months from the date of first publication as described in (1)(A); or (2) Twelve (12) months from the decedent's date of death.

October 1, 2015

JOHN TAYLOR
PERSONAL REPRESENTATIVE
ESTATE OF CLAYTON RAY DOWNS
DECEASED
BARBARA WEBB
CLERK AND MASTER
PROBATE CLERK
J. STEPHEN BROWN
ATTORNEY
Newspaper Wilson Post
Date to run 9-25-15 & 10-2-15

NOTICE OF SUBSTITUTE TRUSTEES SALE
WHEREAS, default has occurred in the performance of the covenants, terms and conditions of a Deed of Trust dated August 24, 1998, executed by DAVID M. MELLINGER, conveying certain real property therein described to ARNOLD M. WIGGS, ATTORNEY, as Trustee, as same appears of record in the Register's Office of Wilson County, Tennessee recorded September 1, 1998, in Deed Book 713, Page 223; and WHEREAS, the beneficial interest of said Deed of Trust was last transferred and assigned to BANK OF AMERICA, N.A. who is now the owner of said deed; and WHEREAS, the undersigned, Robin L. Lott, PLLC, having been appointed as Substitute Trustee by instrument to be filed for record in the Register's Office of Wilson County, Tennessee, NOW, THEREFORE, notice is hereby given that the entire indebtedness has been declared due and payable, and that the undersigned, Robin L. Lott, PLLC, as Substitute Trustee and by virtue of the power, duty and authority vested and imposed upon said Substitute Trustee will, on October 22, 2015 at 1:00 PM at the First Court of the Wilson County Courthouse, proceed to sell at public outcry to the highest and best bidder for cash or certified funds ONLY, the following described property situated in Wilson County, Tennessee, to wit: BEING LOT 17 ON LOT 17 ON THE PLAN OF VILLAGES AT CEDAR CREEK, SECTION 14, AS OF RECORD IN PLAT BOOK 18, PAGE 244, REGISTER'S OFFICE FOR WILSON COUNTY, TENNESSEE TO WHICH PLAN REFERENCE IS HEREBY MADE FOR A MORE COMPLETE AND ACCURATE DESCRIPTION. Parcel ID: 03114-0410 PROPERTY ADDRESS: The street address of the property is believed to be 1213 CEDARHURST DRIVE, MOUNTAIN VIEW, TN 37122. In the event of any discrepancy between this street address and the legal description of the property, the legal description shall control. CURRENT OWNER(S): DAVID M. MELLINGER OTHER INTERESTED PARTIES: The sale of the above-described property shall be subject to all matters shown on any recorded plat, any unpaid taxes, any restrictive covenants, easements or other liens that may be applicable, any prior liens or

encumbrances as well as any priority created by a future filing, and to any matter that an accurate survey of the premises might disclose. This property is being sold with the express reservation that it is subject to confirmation by the lender or Substitute Trustee. This sale may be rescinded at any time. This right is reserved to adjust the day of the sale to another day, time, and place within without further publication, upon announcement at the time and place for the sale set forth above. All right and equity of redemption, statutory or otherwise, homestead, and dower are expressly waived in said Deed of Trust, and this is believed to be good, but the undersigned will not and convey only as Substitute Trustee. This Property is sold as is, where is, without representations or warranties of any kind, including fitness for particular use or purpose. THIS LAW FIRM IS ATTEMPTING TO COLLECT A DEBT. ANY INFORMATION OBTAINED WILL BE USED FOR THAT PURPOSE. Robin Lott, PLLC, Substitute Trustee 119 S. Main Street, Suite 500 Memphis, TN 38102 www.rllott.com, company@rllott.com Tel: (901) 813-0392 Fax: (901) 801-5549 Ad #000002: 2015-09-25, 2015-10-02, 2015-10-09

NOTICE TO CREDITORS
ESTATE OF HARLOW M. SAYLORS
CASE NO. 15PR030

Notice is hereby given that on the 21ST day of September, 2015, Letters Testamentary, in respect to the estate of HARLOW M. SAYLORS, deceased, who died August 8, 2015, were issued to the undersigned by the Probate Court of Wilson County, Tennessee. All persons, resident and nonresident, having claims, matured or unmatured, against the estate are required to file the same with the Clerk of the above named Court on or before the earlier of the dates prescribed in (1) or (2) otherwise their claims will be forever barred: (1) (A) Four (4) months from the date of the first publication of this notice if the creditor received an actual copy of this notice to creditors at least sixty (60) days before the date that is four (4) months from the date of the first publication; or (B) Sixty (60) days from the date the creditor received an actual copy of this notice to creditors if the creditor received the copy of this notice less than sixty (60) days prior to the date that is four (4) months from the date of first publication as described in (1)(A); or (2) Twelve (12) months from the decedent's date of death. This the 21st day of September, 2015.

JULY EZZEETH KELLEY SAYLORS
PERSONAL REPRESENTATIVE
ESTATE OF HARLOW M. SAYLORS
DECEASED
BARBARA WEBB
CLERK AND MASTER
PROBATE CLERK
ANGEL KANE
ATTORNEY
WILSON POST
Date to run September 21, 2015 October 2, 2015

NOTICE TO CREDITORS
ESTATE OF PAUL W. CURRY
CASE NO. 15PR028

Notice is hereby given that on the 23rd day of September, 2015, Letters Testamentary, in respect to the estate of Paul W. Curry, deceased, who died on July 20, 2015, were issued to the undersigned by the Probate Court of Wilson County, Tennessee. All persons, resident and nonresident, having claims, matured or unmatured, against the estate are required to file the same with the Clerk of the above named Court on or before the earlier of the dates prescribed in (1) or (2) otherwise their claims will be forever barred: (1) (A) Four (4) months from the date of the first publication of this notice if the creditor received an actual copy of this notice to creditors at least sixty (60) days before the date that is four (4) months from the date of the first publication; or (B) Sixty (60) days from the date the creditor received an actual copy of this notice to creditors if the creditor received the copy of this notice less than sixty (60) days prior to the date that is four (4) months from the date of first publication as described in (1)(A); or (2) Twelve (12) months from the decedent's date of death.

October 1, 2015

ANGELA WHITEHOUSE
PERSONAL REPRESENTATIVE
ESTATE OF PAUL W. CURRY
DECEASED
BARBARA WEBB
CLERK AND MASTER
PROBATE CLERK
YANCY BELCHER
ATTORNEY
Newspaper Wilson Post
Date to run 9/25/15 & 10/2/15

NOTICE TO CREDITORS
ESTATE OF MURIEL E. JOHNSON
CASE NO. 15PR029

Notice is hereby given that on the 24th day of August, 2015, Letters Testamentary, in respect to the estate of MURIEL E. JOHNSON, deceased, who died July 28, 2015, were issued to the undersigned by the Probate Court of Wilson County, Tennessee. All persons, resident and nonresident, having claims, matured or unmatured, against the estate are required to file the same with the Clerk of the above named Court on or before the earlier of the dates prescribed in (1) or (2) otherwise their claims will be forever barred: (1) (A) Four (4) months from the date of the first publication of this notice if the creditor received an actual copy of this notice to creditors at least sixty (60) days before the date that is four (4) months from the date of the first publication; or (B) Sixty (60) days from the date the creditor received an actual copy of this notice to creditors if the creditor received the copy of this notice less than sixty (60) days prior to the date that is four (4) months from the date of first publication as described in (1)(A); or (2) Twelve (12) months from the decedent's date of death.

first publication as described in (1)(A); or (2) Twelve (12) months from the decedent's date of death. This the 24th day of August, 2015.

Patricia L. Dush
PERSONAL REPRESENTATIVE
ESTATE OF MURIEL E. JOHNSON
DECEASED
BARBARA WEBB
CLERK AND MASTER
PROBATE CLERK
DAVID B. FOUTCH
ATTORNEY
Newspaper Wilson Post
Date to run 9/25/15 10/2/15

NOTICE TO CREDITORS
ESTATE OF BETTY JOYCE BLACKBURN

CASE NO. 15PR032
Notice is hereby given that on the 23rd day of September, 2015, Letters Testamentary, in respect to the estate of BETTY JOYCE BLACKBURN, deceased, who died October 1, 2014, were issued to the undersigned by the Probate Court of Wilson County, Tennessee. All persons, resident and nonresident, having claims, matured or unmatured, against the estate are required to file the same with the Clerk of the above named Court on or before the earlier of the dates prescribed in (1) or (2) otherwise their claims will be forever barred: (1) (A) Four (4) months from the date of the first publication of this notice if the creditor received an actual copy of this notice to creditors at least sixty (60) days before the date that is four (4) months from the date of the first publication; or (B) Sixty (60) days from the date the creditor received an actual copy of this notice to creditors if the creditor received the copy of this notice less than sixty (60) days prior to the date that is four (4) months from the date of first publication as described in (1)(A); or (2) Twelve (12) months from the decedent's date of death. This the 23rd day of September, 2015.

Cheryl O'Leary and
Deborah L. Howard
PERSONAL REPRESENTATIVE
ESTATE OF Betty Joyce Blackburn
DECEASED
BARBARA WEBB
CLERK AND MASTER
PROBATE CLERK
ANGEL KANE
ATTORNEY
Newspaper Wilson Post
Date to run 9/25/15 10/2/15

NOTICE TO CREDITORS
ESTATE OF HELEN MARIE VAN HOOK
CASE NO. 15PR039

Notice is hereby given that on the 30th day of September, 2015, Letters Testamentary, in respect to the estate of Helen Marie Van Hook, deceased, who died on September 15, 2015, were issued to the undersigned by the Probate Court of Wilson County, Tennessee. All persons, resident and nonresident, having claims, matured or unmatured, against the estate are required to file the same with the Clerk of the above named Court on or before the earlier of the dates prescribed in (1) or (2) otherwise their claims will be forever barred: (1) (A) Four (4) months from the date of the first publication of this notice if the creditor received an actual copy of this notice to creditors at least sixty (60) days before the date that is four (4) months from the date of the first publication; or (B) Sixty (60) days from the date the creditor received an actual copy of this notice to creditors if the creditor received the copy of this notice less than sixty (60) days prior to the date that is four (4) months from the date of first publication as described in (1)(A); or (2) Twelve (12) months from the decedent's date of death. This the 30th day of September, 2015.

KAREN M. VAN HOOK
PERSONAL REPRESENTATIVE
ESTATE OF HELEN MARIE VAN HOOK
DECEASED
BARBARA WEBB
CLERK AND MASTER
PROBATE CLERK
ANGEL KANE
ATTORNEY
Newspaper Wilson Post
Date to run 10-2-15 & 10-9-15

NOTICE TO CREDITORS
ESTATE OF JOE E. WARDEN
CASE NO. 15PR030

Notice is hereby given that on the 26th day of September, 2015, Letters Testamentary, in respect to the estate of JOE E. WARDEN, deceased, who died August 24, 2015, were issued to the undersigned by the Probate Court of Wilson County, Tennessee. All persons, resident and nonresident, having claims, matured or unmatured, against the estate are required to file the same with the Clerk of the above named Court on or before the earlier of the dates prescribed in (1) or (2) otherwise their claims will be forever barred: (1) (A) Four (4) months from the date of the first publication of this notice if the creditor received an actual copy of this notice to creditors at least sixty (60) days before the date that is four (4) months from the date of the first publication; or (B) Sixty (60) days from the date the creditor received an actual copy of this notice to creditors if the creditor received the copy of this notice less than sixty (60) days prior to the date that is four (4) months from the date of first publication as described in (1)(A); or (2) Twelve (12) months from the decedent's date of death. This the 26th day of September, 2015.

PERSONAL REPRESENTATIVE
ESTATE OF JOE E. WARDEN

DECEASED
BARBARA WEBB
CLERK AND MASTER
PROBATE CLERK
BARBARA JOHNSONS
ATTORNEY
Newspaper Wilson Post
Date to run 10/2/15 10/9/15

NOTICE TO CREDITORS
ESTATE OF HILDA J. BASS
CASE NO. 15PR035

Notice is hereby given that on the 25th day of September, 2015, Letters of Administration, C.V.A., in respect to the estate of Hilda J. Bass, deceased, who died on May 30, 2015, were issued to the undersigned by the Probate Court of Wilson County, Tennessee. All persons, resident and nonresident, having claims, matured or unmatured, against the estate are required to file the same with the Clerk of the above named Court on or before the earlier of the dates prescribed in (1) or (2) otherwise their claims will be forever barred: (1) (A) Four (4) months from the date of the first publication of this notice if the creditor received an actual copy of this notice to creditors at least sixty (60) days before the date that is four (4) months from the date of the first publication; or (B) Sixty (60) days from the date the creditor received an actual copy of this notice to creditors if the creditor received the copy of this notice less than sixty (60) days prior to the date that is four (4) months from the date of first publication as described in (1)(A); or (2) Twelve (12) months from the decedent's date of death. This the 25th day of September, 2015.

MARGARET BASS
PERSONAL REPRESENTATIVE
ESTATE OF HILDA J. BASS
DECEASED
BARBARA WEBB
CLERK AND MASTER
PROBATE CLERK
GRAYSON SMITH CANNON
ATTORNEY
Newspaper Wilson Post
Date to run 10-2-15 & 10-9-15

NOTICE TO CREDITORS
ESTATE OF JOHNA TRICE
CASE NO. 15PR031

Notice is hereby given that on the 20th day of September, 2015, Letters Testamentary, in respect to the estate of JOHNA TRICE, deceased, who died on September 4, 2015, were issued to the undersigned by the Probate Court of Wilson County, Tennessee. All persons, resident and nonresident, having claims, matured or unmatured, against the estate are required to file the same with the Clerk of the above named Court on or before the earlier of the dates prescribed in (1) or (2) otherwise their claims will be forever barred: (1) (A) Four (4) months from the date of the first publication of this notice if the creditor received an actual copy of this notice to creditors at least sixty (60) days before the date that is four (4) months from the date of the first publication; or (B) Sixty (60) days from the date the creditor received an actual copy of this notice to creditors if the creditor received the copy of this notice less than sixty (60) days prior to the date that is four (4) months from the date of first publication as described in (1)(A); or (2) Twelve (12) months from the decedent's date of death. This the 20th day of September, 2015.

JOHNA TRICE
PERSONAL REPRESENTATIVE
ESTATE OF JOHNA TRICE
DECEASED
BARBARA WEBB
CLERK AND MASTER
PROBATE CLERK
DAVID B. FOUTCH
ATTORNEY
Newspaper Wilson Post
Date to run 10-2-15 & 10-9-15

NOTICE TO CREDITORS
ESTATE OF TROY B. HALL, JR.
CASE NO. 15PR031

Notice is hereby given that on the 25th day of September, 2015, Letters Testamentary, in respect to the estate of TROY B. HALL, JR., deceased, who died September 10, 2015, were issued to the undersigned by the Probate Court of Wilson County, Tennessee. All persons, resident and nonresident, having claims, matured or unmatured, against the estate are required to file the same with the Clerk of the above named Court on or before the earlier of the dates prescribed in (1) or (2) otherwise their claims will be forever barred: (1) (A) Four (4) months from the date of the first publication of this notice if the creditor received an actual copy of this notice to creditors at least sixty (60) days before the date that is four (4) months from the date of the first publication; or (B) Sixty (60) days from the date the creditor received an actual copy of this notice to creditors if the creditor received the copy of this notice less than sixty (60) days prior to the date that is four (4) months from the date of first publication as described in (1)(A); or (2) Twelve (12) months from the decedent's date of death. This the 25th day of September, 2015.

RAYMOND STRAIT
PERSONAL REPRESENTATIVE
ESTATE OF TROY B. HALL, JR.
DECEASED
BARBARA WEBB
CLERK AND MASTER
PROBATE CLERK
MICHAEL W. FERRILL
ATTORNEY
WILSON POST
Date to run October 2, 2015 October 9, 2015

NOTICE TO CREDITORS
ESTATE OF DOROTHY E. JORDAN
CASE NO. 15PR034

Notice is hereby given that on the 26th day of September, 2015, Letters Testamentary, in respect to the estate of DOROTHY E. JORDAN, deceased, who died August 17, 2015, were issued to the undersigned by the Probate Court of Wilson County, Tennessee. All persons, resident and nonresident, having claims, matured or unmatured, against the estate are required to file the same with the Clerk of the above named Court on or before the earlier of the dates prescribed in (1) or (2) otherwise their claims will be forever barred: (1) (A) Four (4) months from the date of the first publication of this notice if the creditor received an actual copy of this notice to creditors at least sixty (60) days before the date that is four (4) months from the date of the first publication; or (B) Sixty (60) days from the date the creditor received an actual copy of this notice to creditors if the creditor received the copy of this notice less than sixty (60) days prior to the date that is four (4) months from the date of first publication as described in (1)(A); or (2) Twelve (12) months from the decedent's date of death. This the 26th day of September, 2015.

WYNNE BELCHER
PERSONAL REPRESENTATIVE
ESTATE OF DOROTHY E. JORDAN
DECEASED
BARBARA WEBB
CLERK AND MASTER
PROBATE CLERK
YANCY BELCHER
ATTORNEY
WILSON POST
Date to run October 2, 2015 October 9, 2015

NOTICE TO CREDITORS

The Lebanon Special School District is requesting bids for Gutter Replacement at the Byars Dowdy Elementary and Coles Ferry Elementary. These bids are not sealed and due October 19, 2015 at 1:00 p.m. in the Central Office at 701 Coles Ferry Pike, Lebanon, TN 37087. Specs: Can be picked up or e-mailed M-F 8:00 a.m. - 4:00 p.m. ATTN: richard.anderson@lssd.org or trish.westmoreland@lssd.org

PUBLIC NOTICE

In reference to Ordinance No. 15-5039, notice is hereby given that the Mayor and City Council of the City of Lebanon, Tennessee, will hold a public hearing at 5:55 PM on October 20, 2015, in the Council Chambers for the purpose of discussing and hearing comments from the citizens on the proposed amendment of Title 14 Chapter 6 Section 602 (CG-Commercial General) and Table 6.1 of the Lebanon Municipal Zoning Code to match the old B-4 lot requirements. The public hearing for the proposed amendment is being conducted pursuant to the laws of the State of Tennessee Code Annotated and the City of Lebanon, Tennessee. Copies of the proposed amendment are available for inspection at the following locations: City of Lebanon Mayor's Office, Engineering Office and Planning Office at 200 North Castle Heights Avenue. Questions can be addressed to Paul Corder at 444-3647 x2321. The public is welcome to attend.

Individuals needing auxiliary aids for effective communication and/or other reasonable accommodation in programs and services of the City of Lebanon are invited to make their needs and preferences known to the ADA Compliance Coordinator by calling 443-2809.

NOTIFICATION OF INTENT TO APPLY FOR A
CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Tennessee Orthopedics, P.C., Professional Private Practice owned by: Roy C. Terry, M.D., with an ownership type of Professional Corporation and to be managed by: Tennessee Orthopedics, P.C. intends to file an application for a Certificate of Need for: Relocation of existing CON for MRI from current location to new leased location at 101 Physicians Way, Lebanon, TN 37090. MRI equipment under existing CON to be replaced with new MRI equipment at new location. Total estimated project cost is \$ 2,471,197.43.

The anticipated date of filing the application is: October 6, 2015
The contact person for this project is: Christl D. Griffin, Esq. COUNSEL
to Applicant who may be reached at: Griffin Law Office 113 E. Main
Street Lebanon TN 37087 (615) 668-0462

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency

Andrew Jackson Building, 9th Floor

502 Deaderick Street

Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Supplemental #2

-COPY-

TENNESSEE ORTHOPEDICS
CN1510-041

October 30, 2015**11:01 am**

GRIFFIN LAW OFFICE

October 30, 2015

Reply to: Christi D. Griffin, Esq.
christi@griffinlawtn.com**HAND-DELIVERY**

Mr. Phillip Earhart
HSD Examiner
State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
500 Deaderick Street
Nashville, TN 37243

RE: Certificate of Need Application CN1510-041
Tennessee Orthopedics, P.C. – Relocation of an MRI
Applicant's Response to 10/29/15 Request for Supplemental Information

Dear Mr. Earhart,

Please accept this filing as the response to your Oct. 29, 2015 request for supplemental information on the above-captioned CON application filed by Tennessee Orthopedics, P.C. The signed and notarized affidavit supporting this response to request for supplemental information follows this cover letter, followed by the response to each supplemental question. Please do not hesitate to contact me should you have questions or require additional information.

Sincerely,

A handwritten signature in cursive script that reads "Christi D. Griffin".
Christi D. Griffin

1. Section C. (Need) Item 4 (Population Demographics)

Your response to this item is noted. Please use the present year of 2015 and the projected year of 2019 for the population statistics obtained from the Tennessee Department of Health. Please use the TennCare enrollment data for September 2015 from the following web-site: <http://www.tn.gov/tenncare/topic/enrollment-data>

RESPONSE:

<i>Variable</i>	<i>Wilson</i>	<i>Sumner</i>	<i>Macon</i>	<i>Smith</i>	<i>Trousdale</i>	<i>Service Area</i>	<i>Tennessee</i>
<i>Current Year (2015), Age 65+*</i>	18,939	26,272	3,775	3,134	1,275	53,395	1,012,937
<i>Projected Year (2019), Age 65+*</i>	22,683	30,856	4,275	3,496	1,431	62,741	1,134,565
<i>Age 65+, % Change</i>	19.8%	17.4%	13.2%	11.6%	12.2%	17.5%	12.0%
<i>Age 65+, % Total (PY)</i>	16.7%	16.6%	17.5%	17.1%	16.5%	16.7%	16.5%
<i>CY, Total Population*</i>	126,472	175,054	23,419	19,771	8,275	352,991	6,649,438
<i>PY, Total Population*</i>	135,567	186,146	24,366	20,468	8,667	375,214	6,894,997
<i>Total Pop. % Change</i>	7.2%	6.3%	4.0%	3.5%	4.7%	6.3%	3.7%
<i>TennCare Enrollees**</i>	18,384	28,882	6,805	4,271	2,005	60,347	1,461,025
<i>TennCare Enrollees as a % of Total Population</i>	14.5%	16.5%	29.1%	21.6%	24.2%	17.1%	22.0%
<i>Median Age***</i>	39.5	39.1	38.9	40.7	37.8	39.2	38.6
<i>Median Household Income***</i>	\$60,390	\$55,509	\$35,306	\$42,383	\$44,298	\$46,577	\$44,361
<i>Population % Below Poverty Level***</i>	10.2%	10.4%	21.2%	19.4%	17.6%	11.1%	18.3%

Sources:

*Tennessee Population Estimates 2015 and 2019, Tennessee Department of Health

**TennCare Enrollment Data, Sept. 2015, <http://www.tn.gov/tenncare/topic/enrollment-data>

***Tennessee QuickFacts from the U.S. Census Bureau, <http://quickfacts.census.gov/qfd/states>

2. Section C, Economic Feasibility, Item 4. (Historical and Projected Data Charts)

- Please clarify how the applicant plans to increase MRI procedures from 909 in 2014 to in 2,565 in 2017, a 182%.

RESPONSE:

MRI utilization in 2014 was decreased from the prior two years due to the reorganization of Applicant's practice when 4 of 6 orthopedic surgeons and mid-level practitioners abruptly left the practice in November 2013. For most of 2014, there were only 2 ordering providers – 1 orthopedic surgeon and 1 mid-level practitioner; and MRI utilization was significantly decreased from prior years. A physician assistant joined the practice in late 2014, but did not begin to see patients and order MRI's until 2015. As a result of this addition, there have been 3 ordering providers in 2015 and MRI utilization is higher than in 2014. Projections for steadily increasing MRI utilization in 2016 and 2017 are premised upon the addition of a 4th ordering provider (orthopedic surgeon) in September 2016, and a 5th ordering provider (also an orthopedic surgeon) by June 2017. Due to the addition of these orthopedic surgeons in 2016 and 2017, the patient census is expected to increase substantially as will be necessary to support their practices.

2. Section C, Economic Feasibility, Item 4. (Historical and Projected Data Charts) (CONTINUED)

- The applicant inserted 9.211 for payroll taxes in the Year 2013 in the Historical Data Chart. It appears it should be 9,211. Also, please place a 0 in the total Capital Expenditures row for 2012-2014 if there are none to report. Please make the corrections and resubmit a Historical Data Chart.

RESPONSE:

The revised Historical and Projected Data Charts are attached hereto as Supp.2 Attachment, Section C – General Criteria for Certificate of Need – Economic Feasibility – Item # 4 (Revised Historical and Projected Data Charts, as of 10/30/15).

3. Section C, Economic Feasibility, Item 8

The current ratio of 29,245 as of 9/30/15 appears to be incorrect. Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.

Please also revise the letter from Ancillary Healthcare Consulting dated October 26, 2015 which lists a current ratio of 29,245 and resubmit.

Please complete the following table to calculate the current ratio.

RESPONSE:

Current Ratio	Current Assets	Current Liabilities	Current Ratio
Current Ratio Formula: (Current Assets ÷ Current Liabilities)	\$314,749.44	\$136,059.81	2.31:1

Please see Supp.2 Attachment, Section C – General Criteria for Certificate of Need – Economic Feasibility – Item # 8, Applicant’s revised financial representative letter from Ancillary Healthcare Consulting.

4. Proof of Publication

The Xerox copy of the full page of newspaper in which the notice of intent appeared is noted. However, please submit an original copy of the full page of the newspaper in which the intent appeared with the mast and dateline intact or submit a publication affidavit which is supplied by the newspaper as proof of the publication of the letter of intent.

RESPONSE:

The full page of the Oct. 2, 2015 Wilson Post newspaper containing the notice of intent was provided in Applicant's response to the supplemental request for information filed with HSDA on October 26, 2015. This has been confirmed with the HSDA.

END RESPONSE TO SECOND SUPPLEMENTAL REQUEST FOR INFORMATION; ATTACHMENTS IMMEDIATELY FOLLOW

October 30, 2015**11:01 am****AFFIDAVIT**

STATE OF TENNESSEE

COUNTY OF WilsonNAME OF FACILITY: TENNESSEE ORTHOPEDICS, PC

I, Roy Terry MD, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

[Signature]
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 29 day of October, 2015,
witness my hand at office in the County of Wilson, State of Tennessee.

Shawna Cooper
NOTARY PUBLIC

My commission expires 3/4, 2019.

HF-0043

Revised 7/02



October 30, 2015**11:01 am**

SUPPLEMENTAL.2 ATTACHMENT
SECTION C – GENERAL CRITERIA FOR CERTIFICATE OF NEED –
ECONOMIC FEASIBILITY – ITEM # 4
(Revised Historical and Projected Data Charts, as of 10/30/15)

SUPPLEMENTAL.2 ATTACHMENT
SECTION C – GENERAL CRITERIA FOR CERTIFICATE OF NEED –
ECONOMIC FEASIBILITY – ITEM # 8
(Applicant's Revised Financial Representative Letter from Ancillary Healthcare Consulting)

October 30, 2015**11:01 am**

Ancillary Healthcare Consulting
9786 Hartsville Pike
Lebanon, Tennessee 37087

October 30, 2015

Christi Griffin, Esq.
Griffin Law Office
113 East Main Street
Lebanon, Tennessee 37087

Re: Certificate of Need Application CN1510-041
Tennessee Orthopedics, P.C. - Relocation of an MRI

Dear Ms. Griffin:

I am providing this letter in support of Tennessee Orthopedic's CON application to relocate and upgrade the practice's MRI scanner. I am engaged by Tennessee Orthopedics to provide business consulting services, and in this capacity I am familiar with the financial affairs and operations of Tennessee Orthopedics. I am familiar with the subject CON application, including how the project costs will be paid.

Tennessee Orthopedics reports its financials on a cash basis, meaning that accounts receivable are not recorded as an asset. Rather, only cash payments received are recorded as an asset. However, Tennessee Orthopedics is a medical practice that bills insurance companies and patients for the medical and surgical services provided; and has a significant amount of current accounts receivable outstanding at any given time. These accounts receivable are an asset of the practice.

The Tennessee Orthopedics financial statements for month-ending September 30, 2015 show current assets of \$78,323.63. In addition, current accounts receivable (e.g., 0-30 days) outstanding as of September 30, 2015 are \$472,851.62, inclusive of filed insurance claims and patient invoices. An accounts receivable Aging Analysis, prepared by Tennessee Orthopedics' third-party billing service, is attached to this letter.

Typically, approximately 50% of gross charges billed to insurance companies is collected, reducing the estimated 9/30/15 accounts receivable expected to be collected from insurance companies to \$236,425.81. Taking contractual adjustments into consideration, as of September 30, 2015, Tennessee Orthopedics' current assets were \$314,749.44 (e.g., \$78,323.62 + \$236,425.81). The current ratio as of this date was 2.31:1 (e.g., current assets of \$236,425.81/current liabilities of \$136,059.81 as shown on the 9/30/15 balance sheet). Please note that the long-term liabilities shown on the 9/30/15 Balance Sheet are included in the current ratio calculation because these liabilities (e.g., line of credit, next 12 months lease obligations) are actually current liabilities. Applicant makes and categorizes its own accounting entries, which do not strictly comply with accounting standards that would require these liabilities to be listed as current liabilities.

In addition to its cash reserves, Tennessee Orthopedics has available a commercial line of credit from Pinnacle Bank in the amount of \$250,000 that is available to cover project expenses as may be necessary from time to time. The letter confirming the Pinnacle Bank line of credit is attached to this letter, showing an available balance of \$135,652.82 as of October 22, 2015.

Please let me know should you require further information. Thank you.

Sincerely,



Anne Thompson
Owner and Consultant

Attachments: As stated

**TENNESSEE ORTHOPEDICS FINANCIAL STATEMENTS
MONTH-ENDING 9/30/15**

Tennessee Orthopedics, PC 2015
Balance Sheet
September 30, 2015

ASSETS

Current Assets

Cash - First Tennessee	\$ 28,627.01
Cash - Wilson Bank	15,422.83
Cash - Pinnacle Bank Checking	2,445.39
RMA Escrow Account	19,854.80
A/R-Neely/Cornelius (Meaningfu	11,973.60

Total Current Assets

78,323.63

Property and Equipment

Medical Equipment - ANC	528,882.40
Medical Equipment - Gallatin	28,480.21
Medical Equipment - IRG	175,743.40
Leasehold Improvements	31,698.84
Medical Equipment	130,165.37
Office Equipment	342,977.18
Furniture & Fixtures	67,463.29
Accumulated Depreciation - ANC	(528,882.00)
Accumulated Depreciation - IRG	(175,744.00)
Accumulated Depreciation	(498,703.38)

Total Property and Equipment

102,081.31

Other Assets

Total Other Assets

0.00

Total Assets

\$ 180,404.94

LIABILITIES AND CAPITAL

Current Liabilities

Shareholder Loan	\$ (11,631.43)
------------------	----------------

Total Current Liabilities

(11,631.43)

Long-Term Liabilities

Line of Credit - Pinnacle	114,347.18
Equipment Lease	4,956.83
Equipment Lease	28,387.23

Total Long-Term Liabilities

147,691.24

Total Liabilities

136,059.81

Capital

Retained Earnings	(13,393.43)
Common Stock	8,000.00
Net Income	49,738.56

Total Capital

44,345.13

Total Liabilities & Capital

\$ 180,404.94

Unaudited - For Management Purposes Only

Tennessee Orthopedics, PC 2015
Total
Income Statement
For the Nine Months Ending September 30, 2015

	Current Month		Year to Date	
Revenues				
Fees	\$ 35,273.10	12.70	\$ 230,106.68	10.39
Fees	52,255.98	18.81	463,736.57	20.93
Fees	1,009.67	0.36	1,807.40	0.08
Fees for Beau	0.00	0.00	56,072.86	2.53
Fees	6,479.00	2.33	36,702.50	1.66
Fees	38,099.10	13.72	357,111.69	16.12
Fees	639.45	0.23	3,263.18	0.15
Fees	122,746.42	44.19	925,400.76	41.77
Fees	379.78	0.14	921.47	0.04
Fees	20,212.79	7.28	117,442.17	5.30
Fees for Greg	109.84	0.04	22,074.42	1.00
Fees	0.00	0.00	360.00	0.02
Other Income	0.00	0.00	1,537.12	0.07
Other Income	0.00	0.00	352.77	0.02
Refunds	0.00	0.00	(200.00)	(0.01)
Refunds	0.00	0.00	(873.57)	(0.04)
Refunds	0.00	0.00	(101.35)	0.00
Refunds	0.00	0.00	41.71	0.00
Refunds	553.73	0.20	(4,233.34)	(0.19)
Refunds	0.00	0.00	65.12	0.00
Refunds	0.00	0.00	(323.40)	(0.01)
Returned Checks	0.00	0.00	(56.94)	0.00
Returned Checks	0.00	0.00	(66.94)	0.00
Rental Income	0.00	0.00	1,500.00	0.07
Rental Income	0.00	0.00	2,796.49	0.13
Total Revenues	277,758.86	100.00	2,215,437.37	100.00
Cost of Sales				
Total Cost of Sales	0.00	0.00	0.00	0.00
Gross Profit	277,758.86	100.00	2,215,437.37	100.00
Expenses				
Accounting Fees	0.00	0.00	14,295.00	0.65
Automobile Expenses	0.00	0.00	1,025.16	0.05
Automobile Expenses	185.13	0.07	2,568.18	0.12
Bank Service Charges	0.00	0.00	359.13	0.02
Bank Service Charges	14.00	0.01	1,446.48	0.07
Bank Service Charge	0.00	0.00	14.00	0.00
Billing & Collections	0.00	0.00	252.10	0.01
Billing & Collections	504.83	0.18	539.01	0.02
Billing & Collections	57.74	0.02	373.03	0.02
Billing & Collections	286.92	0.10	1,045.92	0.05
Billing & Collections	9,735.79	3.51	40,871.20	1.84
Billing & Collections	113.92	0.04	297.81	0.01
Computer Repair & Svs.	0.00	0.00	1,908.13	0.09
Computer Repair & Svs.	0.00	0.00	845.30	0.04
Computer Repair & Svs.	710.13	0.26	8,181.95	0.37
Contract Labor	0.00	0.00	269.01	0.01
Contract Labor	0.00	0.00	5,604.50	0.25
Contract Labor	0.00	0.00	250.00	0.01

For Management Purposes Only

Tennessee Orthopedics, PC 2015
Total
Income Statement
For the Nine Months Ending September 30, 2015

	Current Month		Year to Date	
Contract Labor	0.00	0.00	3,575.75	0.16
Contract Labor	0.00	0.00	10,266.40	0.46
Contracted Services	0.00	0.00	200.61	0.01
Contracted Services	0.00	0.00	757.90	0.03
Contracted Services	1,148.95	0.41	28,039.93	1.27
Credit Card Fees	0.00	0.00	122.21	0.01
Credit Card Fees	0.00	0.00	565.67	0.03
Credit Card Fees	1,092.29	0.39	2,454.93	0.11
Dues & Subscriptions	0.00	0.00	75.00	0.00
Dues and Subscriptions	0.00	0.00	84.00	0.00
Dues & Subscriptions	0.00	0.00	815.82	0.04
Dues & Subscriptions	0.00	0.00	2,097.23	0.09
Equipment Lease	0.00	0.00	145,239.47	6.56
Equipment Lease	0.00	0.00	310.60	0.01
Flowers & Gifts	0.00	0.00	165.18	0.01
Flowers & Gifts	0.00	0.00	125.15	0.01
Housekeeping/Maintenance	268.00	0.10	588.00	0.03
Housekeeping/Maintenance	358.00	0.13	692.30	0.03
Housekeeping/Maintenance	844.00	0.30	3,892.00	0.18
Insurance - General Liability	472.50	0.17	3,730.50	0.17
Insurance - Staff	(59.60)	(0.02)	(514.07)	(0.02)
Insurance - Staff	(153.86)	(0.06)	1,486.50	0.07
Insurance - Staff	(122.04)	(0.04)	(640.90)	(0.03)
Insurance - Staff	(230.80)	(0.08)	(1,835.40)	(0.08)
Insurance - Staff	0.00	0.00	266.40	0.01
Insurance - Work Comp	0.00	0.00	1,846.50	0.08
Interest Expense	0.00	0.00	370.81	0.02
Interest Expense	1,783.95	0.64	10,474.80	0.47
Laundry	41.71	0.02	262.38	0.01
Laundry	84.54	0.03	225.28	0.01
Laundry	13.11	0.00	1,697.73	0.08
Legal Fees	0.00	0.00	925.00	0.04
Legal Fees	0.00	0.00	616.00	0.03
Legal Fees	0.00	0.00	6,860.80	0.31
Legal Fees	0.00	0.00	38,352.12	1.73
Licenses & Permits	0.00	0.00	69.04	0.00
Licenses & Permits	50.00	0.02	100.00	0.00
Licences & Permits	0.00	0.00	285.00	0.01
Licenses & Permits	0.00	0.00	1,888.42	0.09
Licenses & Permits	0.00	0.00	235.00	0.01
Marketing	0.00	0.00	2,235.00	0.10
Marketing	0.00	0.00	665.28	0.03
Marketing	0.00	0.00	5,852.17	0.26
Meals & Entertainment	0.00	0.00	576.39	0.03
Meals and Entertainment	0.00	0.00	50.92	0.00
Medical Waste	0.00	0.00	13.33	0.00
Medical Waste	278.33	0.10	2,723.66	0.12
Office Expense	0.00	0.00	84.10	0.00
Office Expense	0.00	0.00	1,437.12	0.06
Office Expense	0.00	0.00	207.05	0.01
Office Expense	333.67	0.12	1,471.58	0.07
Payroll Fees	396.35	0.14	3,332.84	0.15
Payroll - Staff Compensation	4,588.64	1.65	43,020.20	1.94
Payroll - Staff Compensation	13,995.56	5.04	176,140.56	7.95
Payroll - Staff Compensation	5,681.14	2.05	31,896.74	1.44

For Management Purposes Only

October 30, 2015**11:01 am**

Page: 3

Tennessee Orthopedics, PC 2015
Total
Income Statement
For the Nine Months Ending September 30, 2015

	Current Month		Year to Date	
Payroll - Staff Compensation	1,923.08	0.69	7,692.32	0.35
Payroll - Staff Compensation	21,759.66	7.83	286,632.42	12.94
Payroll - Staff Compensation	9,583.34	3.45	91,041.75	4.11
Postage & Delivery	0.00	0.00	84.17	0.00
Postage & Delivery	0.00	0.00	48.99	0.00
Postage & Delivery	0.00	0.00	1,038.01	0.05
Printing & Reproduction	101.93	0.04	366.37	0.02
Printing & Reproduction	0.00	0.00	207.75	0.01
Printing & Reproduction	0.00	0.00	921.47	0.04
Printing & Reproduction	255.59	0.09	2,275.54	0.10
Rent	2,250.00	0.81	20,470.00	0.92
Rent	0.00	0.00	640.00	0.03
Rent	2,959.00	1.07	36,154.16	1.63
Rent	855.15	0.31	3,420.60	0.15
Rent	800.00	0.29	3,200.00	0.14
Rent	9,166.91	3.30	111,647.37	5.04
Repairs	0.00	0.00	279.69	0.01
Repairs	0.00	0.00	400.00	0.02
Repairs	0.00	0.00	8,638.57	0.39
Repairs	316.83	0.11	5,978.38	0.27
Service Contract - Equipment	8,608.73	3.10	76,369.84	3.45
Service Contract - Equipment	0.00	0.00	1,523.15	0.07
Service Contract - Equipment	464.63	0.17	2,314.88	0.10
Supplies - Drugs & Injections	0.00	0.00	5,250.00	0.24
Supplies - Drugs and Injection	4,515.01	1.63	9,359.40	0.42
Supplies - Drugs & Injections	2,746.00	0.99	59,913.00	2.70
Supplies - Medical	0.00	0.00	1,513.07	0.07
Medical Supplies	0.00	0.00	107.60	0.00
Supplies - Medical	0.00	0.00	46.15	0.00
Supplies - Medical	1,203.06	0.43	27,790.32	1.25
Supplies - Office	30.72	0.01	174.88	0.01
Office Supplies	0.00	0.00	1,890.24	0.09
Supplies - Office	620.84	0.22	9,866.32	0.45
Supplies - Other	0.00	0.00	6.51	0.00
Supplies - Other	0.00	0.00	2.79	0.00
Supplies - Other	197.91	0.07	1,347.04	0.06
Taxes - Franchise & Excise	0.00	0.00	2,600.00	0.12
Taxes - Personal Property	0.00	0.00	1,678.96	0.08
Taxes - Staff Payroll	350.82	0.13	3,319.65	0.15
Taxes - Staff Payroll	358.98	0.13	10,265.48	0.46
Taxes - Staff Payroll	425.04	0.15	2,395.69	0.11
Taxes - Staff Payroll	156.53	0.06	644.03	0.03
Taxes - Staff Payroll	1,511.86	0.54	24,165.12	1.09
Taxes - Staff Payroll	733.12	0.26	7,027.52	0.32
Telephone/Internet/TV	0.00	0.00	2,596.04	0.12
Telephone/Internet/TV	0.00	0.00	5,351.46	0.24
Telephone/Internet/TV	0.00	0.00	15,470.51	0.70
Tier II Expenses	0.00	0.00	277,031.00	12.50
Transcription	0.00	0.00	177.92	0.01
Transcription	0.00	0.00	528.96	0.02
Transcription	0.00	0.00	789.84	0.04
Travel CME	0.00	0.00	1,500.00	0.07
Travel - CME	0.00	0.00	7,336.14	0.33
Travel - CME	0.00	0.00	295.00	0.01
Utilities	0.00	0.00	11,009.61	0.50

For Management Purposes Only

Tennessee Orthopedics, PC 2015
Total
Income Statement
For the Nine Months Ending September 30, 2015

	Current Month		Year to Date	
Utilities	375.64	0.14	3,205.61	0.14
Utilities	1,088.09	0.39	6,276.67	0.28
Utilities	0.00	0.00	1,414.42	0.06
Disability Ins - Mid-level	133.20	0.05	771.92	0.03
Disability Ins - Staff	82.62	0.03	140.44	0.01
Disability Ins - Physician	84.95	0.03	2,161.25	0.10
Disability Ins - Mid-level	133.20	0.05	1,560.54	0.07
Health Ins - Physician	111.91	0.04	3,490.38	0.16
Payroll - Phy Salary	58,494.45	21.06	340,013.62	15.35
Payroll Taxes - Physician	977.25	0.35	12,865.38	0.58
Depreciation	2,603.20	0.94	24,379.99	1.10
Ancillary Bonus Allocated	0.00	0.00	(49,399.25)	(2.23)
Ancillary Bonus Allocated	0.00	0.00	49,399.25	2.23
Total Expenses	178,452.15	64.25	2,165,698.81	97.75
Net Income	\$ 99,306.71	35.75	\$ 49,738.56	2.25

For Management Purposes Only

**ACCOUNTS RECEIVABLE AGING ANALYSIS
AS OF 9/30/15**

October 30, 2015

11:01 am

MEDICAL BILLING ASSOCIATES, INC.

P.O. Box 5000
Lebanon, Tennessee 37088
615-444-2320
615-547-9845 fax


October 26, 2015

Anne Thompson
Owner
Ancillary Healthcare Consulting
9786 Hartsville Pike
Lebanon, Tennessee 37087

Dear Ms. Thompson,

Please see attached the requested Accounts Receivable Aging Analysis report for Tennessee Orthopedics as of 9/30/15. Current accounts receivable (e.g., accounts outstanding 0-30 days) includes gross charges billed to insurance companies as well as invoices to patients for amounts not covered by health insurance. Based on historical billing and collections data, we estimate that 50% of the current accounts receivable is collectable after adjustments for insurance contractual discounts and bad debt. Thank you, and please let me know should you require further information.

Cordially,


Debra Dismukes
Medical Billing Associates
President

October 30, 2015

11:01 am

(RP00064) Financial - Analyses
 TENNESSEE ORTHOPEDICS, P.C.
 USER - debbie

Aging Analysis

DATE 10/22/2015

TIME 14:44

PAGE 1

***** AGING ANALYSIS REPORT *****
 by CUR PAT TYPE

	0-30	31-60	61-90	91-120	121-150	OVER 150	TOTAL CHARGES	TOTAL RECEIPTS	TOTAL BALANCE
1 -SELF PAY	5199.93	357308.21	11184.46	10447.70	15385.43	1109.44	87578.20	313056.97	400635.17
2 -MEDICARE	78029.44	58572.64	3923.72	4169.69	3692.35	1694.39	741746.31	591664.08	150082.23
3 -MEDICAID	5876.00	40.00	85.00	80.00	236.18	40.00	18347.56	11990.38	6357.18
4 -MEDICARE/MEDICAID	22454.00	8988.69	2200.72	1838.58	572.65	956.11	207578.01	170567.26	37010.75
5 -BLUE CROSS/BLUE SHI	91485.48	90915.96	39786.26	7103.32	19403.98	3136.92	876969.60	625137.68	251831.92
6 -COMMERCIAL INSURANC	19510.24	76558.72	36268.84	16791.46	8799.89	2955.19	247247.77	86363.43	160884.34
10 -WORKER'S COMPENSATI	43523.73	44846.68	29874.39	9516.15	10870.79	620.00	323834.56	184582.82	139251.74
11 -TENNCARE/MEDICAID		46454.07		4764.84		6933.70		848594.28	
	120871.96		19212.97		4013.19		1050845.01		202250.73
12 -TENNCARE/UNINSURED	2993.00	1228.18	98.58	50.00	.00	.00	12665.24	8295.48	4369.76
13 -CIGNA	23007.00	24722.66	2983.10	1334.84	2939.14	221.62	165816.28	110607.92	55208.36
14 -AETNA	8069.24	26891.44	1951.23	2808.77	4035.64	652.98	110019.01	65609.71	44409.30
15 -UNITED HEALTHCARE	16267.00	23403.66	3236.08	1779.93	4686.31	629.39	192453.82	142451.45	50002.37
16 -HEALTHSPRINGS	26813.60	11404.44	5180.49	10793.68	6221.49	4791.72	193689.48	128484.06	65205.42
17 -CHAMPUS	8751.00	2895.24	70.15	12.00	248.06	477.54	37915.56	25461.57	12453.99
25 -VETERANS	.00	.00	.00	.00	.00	.00	801.00	801.00	.00
100 -COURTESY	.00	30.00	50.00	50.00	552.91	.00	4219.00	3536.09	682.91
***** GRAND TOTALS *****	472,851.62	774,260.59	156,105.99	71,540.96	81,658.01	24,219.00	2,691,090.24	1,580,636.17	

PINNACLE BANK COMMERCIAL LINE OF CREDIT

October 30, 2015

11:01 am

Pinnacle
FINANCIAL PARTNERS

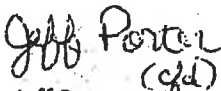
October 22, 2015

Christi Griffin, Esquire
Griffin Law Firm
113 East Main Street
Lebanon, TN 37087

Dr. Roy Terry has a \$250,000.00 line of credit with Pinnacle Bank. This line of credit is solely for use in the business of Tennessee Orthopedics. The balance outstanding is variable. As of today's date, the outstanding balance is \$114,347.18.

Please do not hesitate to contact me with any questions.

Sincerely,


Jeff Porter
Vice President



**State of Tennessee
Health Services and Development Agency**

Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

www.tn.gov/hsda

Phone: 615-741-2364

Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the Wilson Post which is a newspaper
(Name of Newspaper)
of general circulation in Wilson County, Tennessee, on or before October 2, 2015,
(County) (Month / day) (Year)
for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Tennessee Orthopedics, P.C.
(Name of Applicant)

Professional Private Practice
(Facility Type-Existing)

owned by: Roy C. Terry, M.D. with an ownership type of Professional Corporation

and to be managed by: Tennessee Orthopedics, P.C. intends to file an application for a Certificate of Need

for: Relocation of existing CON for MRI from current location to new leased location at 101 Physicians Way, Lebanon, TN 37090. MRI equipment under existing CON to be replaced with new MRI equipment at new location. Total estimated project cost is \$ 2,471,197.43.

The anticipated date of filing the application is: October 6, 2015

The contact person for this project is Christi D. Griffin, Esq. Counsel to Applicant
(Contact Name) (Title)

who may be reached at: Griffin Law Office 113 E. Main Street
(Company Name) (Address)

Lebanon, TN 37087 (615) 668-0462
(City) (State) (Zip Code) (Area Code / Phone Number)

Christi D. Griffin 10/2/2015 christi@griffinlawtn.com
(Signature) (Date) (E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.



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OCT 2 15 2:18

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Christi D. Griffin
(Signature)

10/2/2015
(Date)

christi@griffinlawtn.com

(E-mail Address)

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Lebanon, TN

(City)

(State)

37087

(Zip Code)

(615) 668-0462

(Area Code / Phone Number)

Christi D. Griffin

(Signature)

10/2/2015

(Date)

christi@griffinlawtn.com

(E-mail Address)

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**CERTIFICATE OF NEED
REVIEWED BY THE DEPARTMENT OF HEALTH
DIVISION OF POLICY, PLANNING AND ASSESSMENT
615-741-1954**

DATE: December 31, 2015

APPLICANT: Tennessee Orthopedics
101 Physicians Way
Lebanon, Tennessee 37090

CN1509-041

CONTACT PERSON: Christi Griffin, Esquire
113 E. Main Street
Lebanon, TN 37087

COST: \$2,471,197.43

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's State Health Plan*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

SUMMARY:

The applicant, Tennessee Orthopedics, P.C., proposes to relocate a magnetic resonance imaging (MRI) scanner from its current office location at 1616 West Main Street, Lebanon, TN 37087 to 101 Physician's Way, Lebanon, TN 37087. In addition to the relocation, the applicant seeks Certificate of Need (CON) approval from the Health Services and Development Agency (HSDA) for the upgrade of the current 5 year old MRI with a new up to date MRI scanner.

The applicant is a medical practice comprised of specialty orthopedic and orthopedic surgery physicians located at 1616 West Main Street, Lebanon, TN, which has been offering on site MRI services to its own patients since 2004, CON No. CN0004-024. The medical practice is relocating to another site, 101 Physicians Way, Lebanon, TN, which will be part of a newly developed medical office complex known as Physicians Plaza of Lebanon. Instead of incurring the costs to move an older MRI unit, the applicant intends to replace the unit with a newer GE MRI scanner. The applicant is not adding additional MRI services to the area.

The current MRI unit is a 2011 GE Signa 1.5 tesla with the lease expiring in December 2016. Tennessee Orthopedics plans to upgrade the MRI by leasing a GE Optima 1.5 system with Flex array coils. This is the latest GE unit and provides the newest technology and can accommodate patients up to 500 pounds. At this time, no other unit in Wilson County has this capability. This provides patients with a higher standard of care. With the need for newer technology and the cost to relocate the current unit, it is more cost effective to lease a new unit at the new office site as opposed to incurring the cost to move the older scanner to the new location.

The only constructions costs will be for the build out and shielding of the MRI suite, estimated to be \$150,000. The total estimated project cost is \$2,471,197.43.

GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

NEED:

The applicant's service area includes Wilson, Smith, Macon, Sumner and Trousdale counties, accounting 89.1% of the applicant's patients originating in these five counties.

County	2016 Population	2020 Population	% of Increase/ (Decrease)
Macon	23,453	24,202	3.2%
Smith	20,207	20,833	3.1%
Sumner	178,730	190,261	6.5%
Trousdale	8,402	8,739	4.0%
Wilson	129,094	138,561	7.3%
Total	359,886	382,596	6.3%

Tennessee Department of Health, Division of Policy, Planning, and Assessment-Office of Health Statistics, 2020, *Tennessee Population Projections 2000-2020, Revision June 2013, Revision*

The applicant states that in order to move forward with their long term practice expansion goals, extensive renovations would be required at the current location. In addition, the current space is too small to accommodate the planned growth of the medical practice. Rather than incur the expansion and renovation costs needed for the current site, the practice shall relocate to a newer medical complex located at 101 Physicians Way, Lebanon, TN. This location is immediately off of Interstate 40 at Exit 236 which will provide for easy access for patients. The new location is approximately four miles from the current location.

TENNCARE/MEDICARE ACCESS:

Tennessee Orthopedics is a Medicare and TennCare provider.

Anticipated gross revenues from Medicare in year one of the project are \$466,180 and 18% of total revenue. Anticipated gross revenues from TennCare in year one of the project are \$647,472 and 25% of total revenue.

ECONOMIC FACTORS/FINANCIAL FEASIBILITY:

The Department of Health, Division of Policy, Planning, and Assessment have reviewed the Project Costs Chart, the Historical Data Chart, and the Projected Data Chart to determine if they are mathematically accurate and if the projections are based on the applicant's anticipated level of utilization. The location of these charts may be found in the following specific locations in the Certificate of Need Application or the Supplemental material:

Project Costs Chart: The Project Costs Chart is located on page 22 of the application.

The Total Estimated Project Cost is \$2,471,197.43. This is comprised as follows:

Legal and Administrative	\$15,000
Office Space Lease 8 year	\$463,360.16
Equipment and Service Lease, Taxes 7 year	\$1,987,289.56
CON Filing Fee	\$5,547.71

The cost per square foot is estimated at \$1,766.60/sq.ft. This is calculated by dividing the total estimated cost by 1,396 sq. ft. for the MRI suite. This cost compares favorably to the recent MRI relocation for CON CN1505-016 Premier Medical Group, where the cost per square foot was estimated at \$1,956/sq. ft.

Historical Data Chart: The Historical Data Chart is located in Supplemental#2, page 9, and contains the data below.

Year	MRI Scans	Income/(Loss)
2012	1197	\$109,388
2013	1196	\$16,735
2014	909	(\$110,907)

The applicant attributes the decline in MRI exam volume to the abrupt departure of 4 of 6 orthopedic and mid-level practitioners in November of 2013. From that time through most of 2014, only one physician and one mid-level practitioner were ordering MRI exams.

Projected Data Chart: The Projected Data Chart is located in Supplemental#2, page 10. The applicant projects 1693 MRI procedures in year one, and 2565 MRI exams in year two, with net operating incomes of \$320,736 and \$421,084 respectively. Compared to the 2014 MRI volume of 909 exams, the year two exam projection of 2565 exams would constitute a 182% increase in volumes, while increasing net income by \$531,991.

Year	MRI Scans	Income/(Loss)
Year one	1693	\$320,736
Year two	2565	\$421,084

Year one Average Gross Charges are estimated at \$1529.76 per scan, while year one Average Deductions per scan are \$1204.71, leaving an Average Net Charge of \$325.05 per scan in year one. According to the HSDA Equipment Registry, this average gross charge is the lowest in Wilson County.

The medical practice added a physician's assistant in 2014 and 3 ordering physicians in 2015, with a 4th and 5th ordering physician expected to join the practice in 2016 and 2017 respectively. The increased physician staffing is expected to drive the MRI procedure volume to support the project.

The applicant proposes the project is financial feasible as the current monthly site lease and MRI lease both terminate in January 2016. The lease arrangements will simply be replaced by the new site lease and upgraded GE MRI lease. In addition, the equipment lease provides for the removal of the current MRI unit and as well as the installation of the new unit, which is considerably more cost effective than moving the current unit for less than one year left on the existing lease.

The project will be financed with cash reserves of the applicant paid monthly according to the terms of each lease. The applicant has a line of credit of \$250,000 readily available to offset any cash flow shortages that may occur during the relocation, and as the practice builds to its expansion goals.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:

The applicant is relocating their medical practice to a medical office complex located directly off of Interstate 40 at exit 236. This move also includes the relocation of their "in office" MRI scanner. The applicant has been providing MRI services to their own patients since the approval of CON CN1505-016 in 2004. This project will not add or duplicate current MRI services in the area and will have no adverse effect on other MRI providers. The applicant is replacing a five year old MRI unit with the latest GE Healthcare MRI unit which provides the most up to date technology and also will accommodate patients up to 500 lbs.

The new office location is immediately off of Interstate 40 at Exit 236 which will provide for easy access for patients from several surrounding counties. The new location is approximately four miles from the current location.

Included on page 37 of Supplemental #1 is a letter from David E. Pine, Evergreen Constructors, LLC., stating that the physical environment of the MRI suite will conform to all applicable federal standards, and licensing agency requirements.

The applicant has a contractual agreement with Advanced Diagnostic Imaging, PC for the interpretation of MRI scans. The physician providers are on the active medical staff of:

University Medical Center, Lebanon
Mt. Juliet Outpatient Surgery Center
Sumner Regional Medical Center, Gallatin
Macon County General Hospital, LaFayette
Riverview Regional Medical Center, Carthage
Trousdale Medical Center, Hartsville
Tri-Star Summit Medical center, Hermitage

The applicant currently employs a full time MRI technologist, and does not anticipate increasing or decreasing MRI staff after the project relocation.

The applicant states they are aware of all applicable licensing certification requirements and will comply with all state requirements.

The applicant participates in the physician assistant clinical training program at Trevecca University, and the nurse practitioner clinical training program at Vanderbilt University.